

## Australian Gold Sector

### Cash Cache

- Cash Trickle Turns Torrent** — Free cash flow generation from gold miners is set to accelerate significantly over the next 2 years reaching almost US\$4bn by 2014. This cash bonanza is driven by the fruition of years of investment which has seen several projects commissioned in 2012, and more to come in 2013. The looming surplus cash position is likely to serve as a catalyst for the next phase of production growth and fund further sector consolidation. Our most favoured names for gold exposure are OceanaGold (OGC) and Beadell Resource (BDR).
- Consolidation & Dividends** — Since NCM's acquisition of Lihir, the investable divide between NCM and other ASX gold stocks has been significant - beckoning the mid-caps to grow into the void and take advantage of the potential scarcity premium. Stocks with looming strong free cash flow and an agenda of acquisitive growth that could lead this evolution include OGC and RRL. Conversely, stocks that may offer attractive traits for acquirers include MML, PRU and GRY.
- Top Picks in Gold** — Gold equities have continued to underperform gold, with a substantial divergence in returns across the sector underscoring the importance of targeting exposure to strong operational stories. We look for stocks that offer volume growth, free cash flow generation and attractive valuation upside. Top pick remains OGC, with BDR also screening as attractive although both face near-term commissioning risk headwinds. NCM and RRL remain the "safer" options in our view, however look fully valued on our forecasts.
- Outlook for Gold Prices** — With US macro data showing continued signs of improvement, US CPI still at low levels and inflation expectations suppressed, for gold to rally significantly into 2013 (in the absence of a US return to recession) requires either (a) a major geo-political event or (b) improved confidence in the Euro zone. We forecast relatively flat gold prices of ~US\$1,700/oz for the next 2 years, peaking at US\$1,800/oz in 1Q13, with prices moderating from 2015 as global economic conditions improve. We transfer coverage of the gold stocks to Daniel Seeney in this note.

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**Daniel Seeney**

+61-2-8225-4862  
daniel.seeney@citi.com

**Clarke Wilkins**

+61-2-8225-4858  
clarke.wilkins@citi.com

**Sam Heithersay**

+61-2-8225-4893  
sam.heithersay@citi.com

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Company	Ticker	Rating		Target Price		Current Year Earnings Estimates	
		Old	New	Old	New	Old	New
Beadell Resour	BDR.AX	1	1	A\$1.00	A\$1.70	A\$-0.01	A\$-0.02
Gryphon Minerals	GRY.AX	1H	1H	A\$1.25	A\$1.00	A\$-0.08	A\$-0.06
Kingsgate Cons	KCN.AX	2	1	A\$5.30	A\$5.90	A¢45.6	A¢57.3
Medusa Mining	MML.AX	1H	1	A\$7.00	A\$7.00	US¢61.4	US¢70.2
Newcrest Mining	NCM.AX	2	2	A\$26.00	A\$25.60	A¢151.4	A¢153.0
OceanaGold	OGC.AX	1H	1	A\$4.30	A\$4.30	US¢5.9	US¢3.4
Perseus	PRU.AX	1	1	A\$3.50	A\$3.00	A\$0.28	A\$0.23
Regis Rsc	RRL.AX	2	2	A\$5.00	A\$5.80	A\$0.47	A\$0.47
Resolute	RSG.AX	2H	2H	A\$1.60	A\$2.10	A\$0.24	A\$0.29
St Barbara	SBM.AX	2H	1	A\$1.90	A\$2.10	A¢16.4	A¢19.1

**See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.**

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## New Mines Online

ASX gold miners are moving through a crucial period of production growth with several projects commissioned in 2012 and significant additional production coming on stream near-term including NCM's Lihir expansion & Cadia East. A cross-section of projects recently commissioned or in early stages of construction includes:

### Significant new production has recently been commissioned

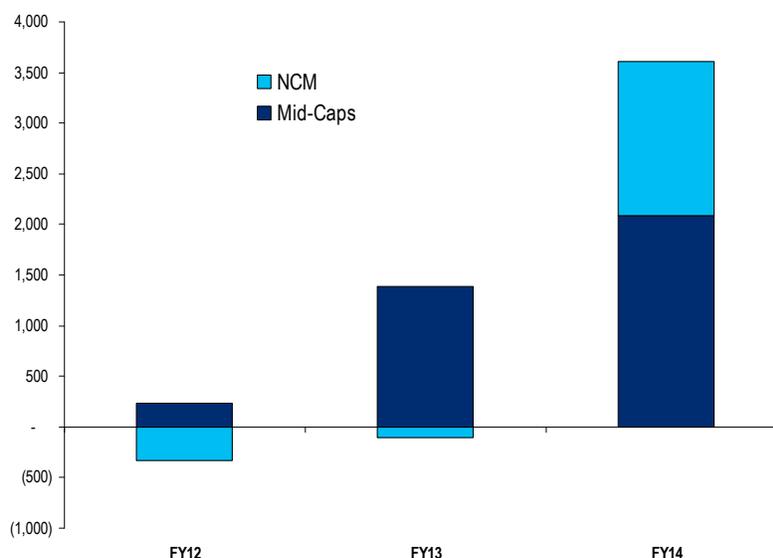
- OGC: Didipio (Philippines) – commissions this month (100kozpa gold + 14ktpa Copper, 16 year life, US\$200m capex).
- BDR: Tucano (Brazil) – commissioning now (180kozpa, 10 year life, US\$100m capex).
- RRL: Garden Well (Western Australia) – commissioned Sep-12 quarter (>200kozpa, 9 year life, A\$110m capex).
- RRL: Rosemont (Western Australia) – construction to commence 1Q 2013, production from late 2013 (80kozpa, 6 year life, A\$40m capex).
- KCN: Chatree North Expansion (Thailand) – final metallurgical license granted Oct-12 (increased nameplate throughput from 2.3mtpa to 5.0mtpa).
- PRU: Sissingue (Cote d'Ivoire) – early works commenced Sep-12, full scale construction later this year pending clarification of the revised fiscal regime. Commissioning possible for late 2013 (106kozpa, 6 year life, US\$115m capex).

## Cash Trickle Turns Torrent

### New production + strong gold prices = strong free cash flow growth

Strong production growth is anticipated to drive accelerated cash generation, with free cash flow from the sector expected to reach almost US\$4bn in 2014.

Figure 1. ASX200 Gold Sector Free Cash Flow (US\$m)



Source: Bloomberg, Citi Research

Mid-cap gold equities are already conservatively geared and will rapidly acquire a cash pile

Given this outlook in conjunction with a modest level of indebtedness across Australian gold stocks, management will soon have the “problem” of deciding how to allocate surplus capital. **We estimate that the mid-cap gold stocks under coverage alone will be sitting on a net cash pile of +A\$2.5bn by 2015.**

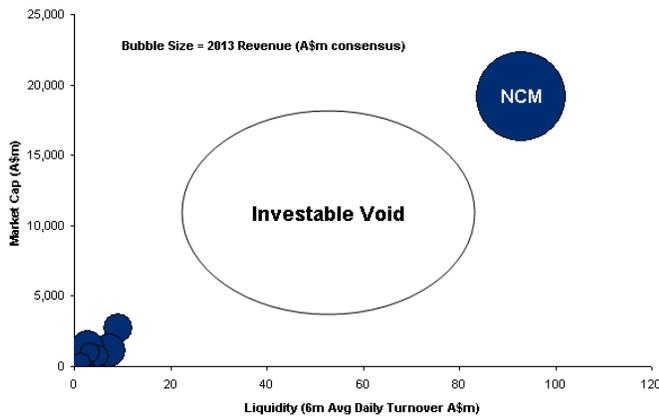
The obvious implications include:

- M&A;
- Dividends; and
- Aggressive exploration.

## M&A Remains a Key Theme

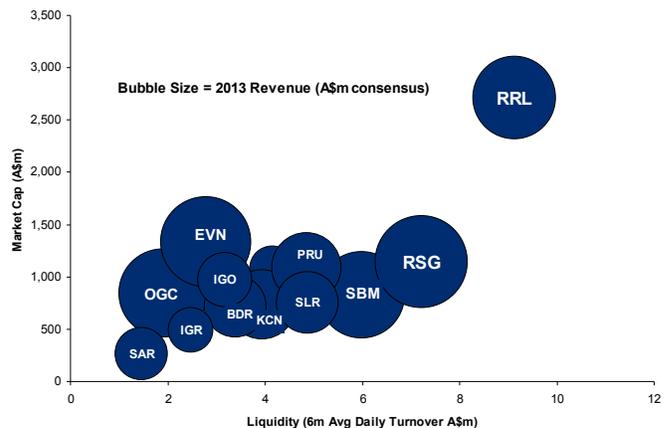
Since NCM’s acquisition of Lihir, the investable divide between NCM and the rest on the ASX has been significant, beckoning the mid-caps to grow into the “void” and take advantage of the potential scarcity premium. Despite recent M&A, the relatively small scale of current producers in conjunction with limited liquidity presents limitations to the audience of major international fund managers capable of investing in the names.

Figure 2. Investable Void – NCM vs other ASX200 Gold Equities



Source: Citi Research, Bloomberg

Figure 3. Battle of the Mid-Caps – ASX200 Gold Equities



Source: Citi Research, Bloomberg

As a result, trading multiples remain lower than larger global mid-cap peers. ASX listed mid-caps trade at a ~30% discount on FY13 PE to global majors. Hence we expect the mid-caps will be looking towards the investable “void” with interest, and those capable of achieving growth are likely be highly sought after.

Figure 4. Trading Consensus Multiple Comparison – ASX200 Mid-Cap Golds vs Global Majors

	PE		EV/EBITDA	
	FY13E	FY14E	FY13E	FY14E
MEDUSA	8.6	5.3	8.2	4.4
OCEANAGOLD	6.9	5.8	2.7	2.4
KINGSGATE	8.3	5.1	4.2	2.8
ST BARBARA	6.7	5.2	3.4	2.7
PERSEUS	10.2	6.0	5.8	3.8
ALACER	7.7	8.8	3.3	3.6
BEADELL	5.2	5.4	3.5	3.7
GRYPHON	n/a	n/a	n/a	n/a
REGIS	11.4	9.2	8.4	6.2
RESOLUTE	7.3	7.3	3.9	4.1
EVOLUTION	11.3	7.4	4.8	3.4
SILVER LAKE	10.1	5.3	5.1	2.6
SARACEN	6.4	3.8	3.2	2.1
Mid-Cap Average	8.3	6.2	4.7	3.5
NEWCREST	17.9	11.8	8.6	6.1
<b>Global Majors</b>	<b>11.5</b>	<b>9.9</b>	<b>6.6</b>	<b>5.7</b>
Mid-Cap Discount to Majors	-27%	-38%	-28%	-39%

Source: Bloomberg Consensus estimates, closing Prices as at 20 November; Citi Research.

Recently M&A activity has started to heat up with ASX deals announced including:

- B2Gold bid for CGA;
- St Barbara bid for Allied;
- Silver Lake bid for Integra;
- Regis acquisition of the McPhillamy's project (Newmont);

Given the clear re-rating opportunity that awaits the next "Lihir", in conjunction with the surplus capital that will flow into the pockets of the sector over the near term, we anticipate M&A activity will remain a key theme in the gold sector.

### Potential Outbreak of "OZL Disease"

OZL has been sitting on a cash pile for several years now with the intention of executing on acquisitive growth. As investor unrest has grown, OZL has maintained a disciplined approach on price despite a looming potential gap in production as Prominent Hill open-pit rolls off and Carrapateena ramps-up.

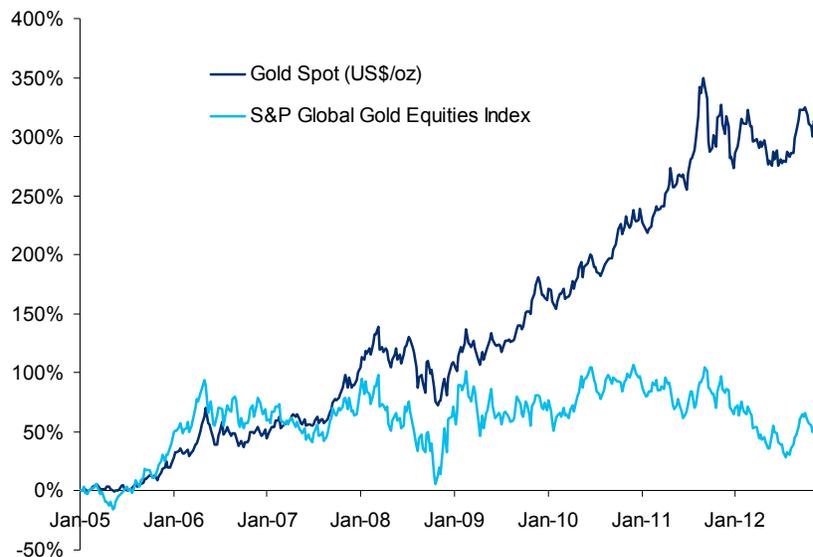
While the outlook for copper remains robust, copper prices have not realized the sustained strength that we have seen in gold. OZL's predicament with copper may well become a common syndrome across gold equities with quality management teams looking to grow, but faced with little prospect of value adding growth options.

Against this backdrop OZL has not performed well with investors shy of the overdue M&A risk and increasingly focused on the lack of exploration success and limited mine life. With this in mind, we highlight the importance of investing in stocks with an active pipeline of organic growth options.

## The Commodity / Equity Divergence

Gold equities have delivered a sustained period of underperformance relative to gold - a source of much frustration for those positioned in miners but left unrewarded. Returns of gold mining equities are particularly disappointing considering the de-hedging that took place in the last decade as companies responded to investor desire for unhedged gold exposure.

Figure 5. Gold vs Gold Equities – Substantial Equity Underperformance



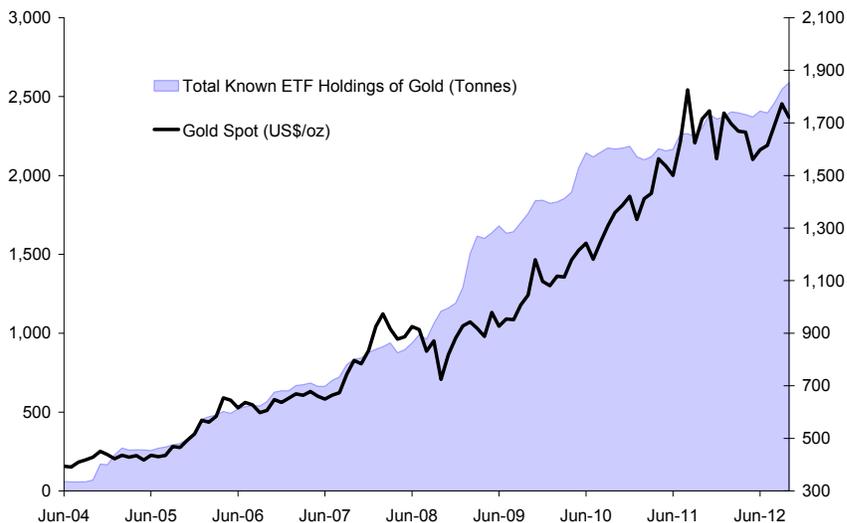
Source: Citi Research, Bloomberg

The underperformance has been attributed to numerous possible factors, including:

### ETFs

- The emergence of bullion exposed ETFs, which have seen strong growth and facilitate gold exposure without the operational risk associated with holding a mining equity.

Figure 6. ETF Physical Gold Holdings vs Gold Price

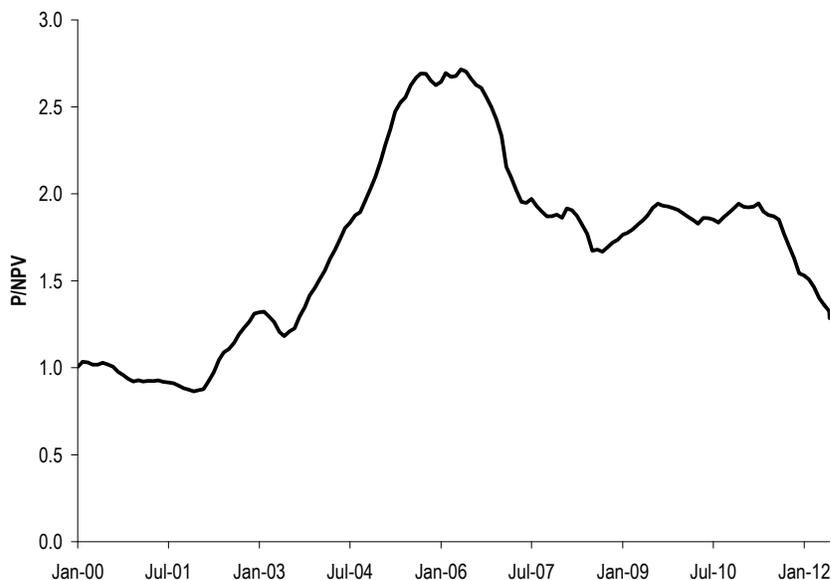


Source: Citi Research, Bloomberg

### De-rating of Gold Equity “Premium”

- Changing views on the historically observed gold equity “premium”, both in absolute terms and relative to other mining equities. While we continue to observe gold equities trading at a premium to other miners, as the mining sector more broadly has been de-rated, the validity of this historical precedent has been increasingly called into question.

Figure 7. P/NPV of NCM (rolling 1 year average)



Source: Citi Research

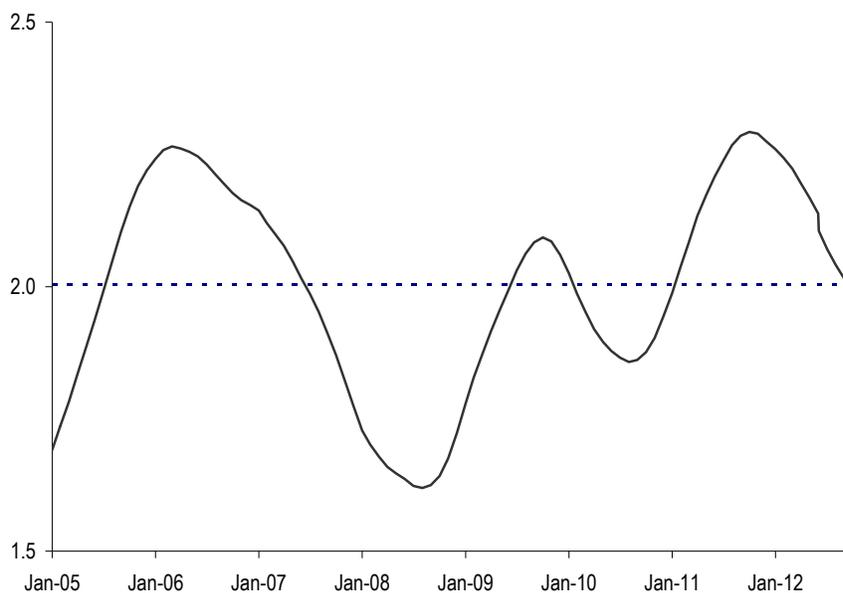
## Gold Equity De-rating: Cyclical or Structural?

Given the success of bullion ETFs and increasing challenges for management teams in delivering value enhancing production growth, we think it is appropriate to pose the question: does the current gold equity de-rating represent a permanent structural shift in investor attitude?

In this regard we have considered the relative P/NPV premium of NCM vs BHP (BHP.AX; A\$33.58; 1) since ETFs started to gain traction in 2005:

Gold equity premium – de-rating retains a cyclical component in our view

Figure 8. NCM P/NPV premium over BHP (12 month moving average)



Source: Citi Research

Over this timeframe NCM has traded at an average P/NPV premium of ~2x BHP. Using a 12-month moving average NCM is trading in-line with this premium, although on a spot basis the ratio is toward the lower end at ~1.6x. We do not observe any significant changing trend in the data to date despite the explosive growth of ETFs. On this basis we expect that the de-rating observed retains a cyclical element despite the changing fundamental factors noted above.

### Benchmark NPV Multiples Assumed

In setting our target prices we assume P/NPV multiples to reflect the historical trends however in arriving at our benchmark multiples we adopt current observed market multiples of global majors as our primary reference point rather than historical averages.

Figure 9. Trading P/NPV Multiples – Global Gold Majors

Company	Company Code	Price (US\$)	Rating	P/NPV
RANDGOLD	RRS.GB	106.21	NEUTRAL	1.4
GOLDCORP	GG.US	40.71	NEUTRAL	1.4
BUENAVENTURA	BVN.PE	33.16	NEUTRAL	1.2
NEWMONT	NEM.US	46.62	NEUTRAL	2.3
BARRICK	ABX.US	34.29	BUY	1.1
ANGLOGOLD	ANGJ.ZA	30.60	NEUTRAL	1.6
KINROSS	KGC.CA	9.66	BUY	1.6
GOLD FIELDS	GFIJ.ZA	11.81	SELL	1.8
HARMONY	HARJ.ZA	7.86	SELL	1.9
NEWCREST	NCM.AU	26.22	NEUTRAL	1.3
<b>AVERAGE – GLOBAL GOLD MAJORS</b>				<b>1.6</b>

Source: Citi Research. Closing Prices as at 20 November

Using the above benchmark, our multiples are set in three bands reflecting the status and evolution of a company.

- **Tier 1 – 1.6x NPV:** Major global diversified gold producers;
- **Tier 2 – 1.3x NPV:** Mid-tier gold producers;
- **Tier 3 – 1.0x NPV:** Emerging gold mine developers.

## Key Picks, Valuations and Target Prices

The methodology underlying target price calculation varies depending on the level of perceived risk associated with each company's particular portfolio:

- **Multiples** – We adopt a blended multiple including P/NPV, PE and EV/EBITDA, with P/NPV representing the main valuation tool. Multiples vary depending on the company's phase of development and perceived risk, with reference to a benchmark of global peer averages.
- **Discount Rate** – One school of thought believe gold's similar fundability to cash should see gold earnings valued using the risk free yield on cash (5-6%). We do not subscribe to this and see no reason gold equities should be valued any differently to other companies when it comes to the discount rate. As such our discounts rates reflect the various political, economic and environmental risks associated with each companies underlying project exposure.

## Valuations, Recommendations & Target Prices

Using the above methodology we derive the following target prices and recommendations for our gold coverage universe:

Figure 10. Gold sector target prices

	NPV	Multiple to NPV	FY13E EBITDA	EV/EBITDA	FY13E EPS	PE	Target Price
NEWCREST	18.93	1.6	2,562	7.0	1.53	12.0	25.60
MEDUSA	6.52	1.3	149	5.0	0.70	10.0	7.00
OCEANAGOLD	2.70	1.3	296	6.0	0.30	11.0	4.30
KINGSGATE	4.95	1.3	157	5.0	0.57	10.0	5.90
ST BARBARA	1.49	1.3	238	5.0	0.19	10.0	2.10
PERSEUS	3.02	1.3	173	5.0	0.23	10.0	3.00
BEADELL	1.08	1.0	259	5.0	0.27	10.0	1.70
GRYPHON	1.04	1.0	(25)	n/a	(0.08)	n/a	1.00
REGIS	3.89	1.6	346	7.0	0.47	12.0	5.80
RESOLUTE	1.35	1.0	367	5.0	0.29	10.0	2.10

Source: Citi Research

Comparing the above target prices to current market price, we note compelling valuation support across the sector, predicated on conservative gold price forecasts including a long-term price of US\$1,050/oz. A summary of our recommendations is presented below:

Figure 11. Gold sector recommendations & target prices

	Target Price	Price	% Upside	Recommendation
NEWCREST	25.60	25.24	1%	Neutral
MEDUSA	7.00	5.90	18%	Buy
OCEANAGOLD	4.30	3.32	29%	Buy
KINGSGATE	5.90	4.92	21%	Buy
ST BARBARA	2.10	1.72	19%	Buy
PERSEUS	3.00	2.42	25%	Buy
BEADELL	1.70	0.95	75%	Buy
GRYPHON	1.00	0.67	55%	Buy/High Risk
REGIS	5.80	5.65	3%	Neutral
RESOLUTE	2.10	1.84	16%	Neutral/High Risk

Source: Citi Research, Closing prices as at 20-November

## Key Picks – Rising Tide May Not Lift All Boats

Unless miners are able to sustain and grow their production base and generate adequate returns in the process, higher gold prices may serve only to generate heightened risk as governments and employees seek to capture a higher share of the economic rent. The potential for success against a backdrop of continued cost escalation, geopolitical uncertainty and fewer high yield ore-bodies looks challenging.

Given the trends evident in conjunction with gold prices trading around historical highs, and inherent commodity market uncertainty, we flag the importance of investing in names with a strong operational outlook. We anticipate gold companies able to deliver production growth and control costs will be increasingly rewarded. With this in mind, our top picks incorporate a preference for strong management, simple underlying operations and attractive valuation support:

- **Oceana** – Didipio will be a game changer for cash costs and a step change in production. Commissioning risk looms but we back the ability of operational management to deliver.
- **Beadell** – Compelling valuation support and operations ramping up, Duckhead grade kicker provides for very strong cash generation in early years and we see significant additional exploration upside.

Figure 12. Key Valuation Metrics – ASX Gold Stocks

	PE		EV/EBITDA		FCF Yield	
	2013E	2014E	2013E	2014E	2013E	2014E
NEWCREST	16.5	11.1	8.4	6.0	n/a	7%
MEDUSA	8.5	7.7	7.7	5.2	9%	13%
OCEANAGOLD	11.2	9.9	3.8	3.7	12%	16%
KINGSGATE	8.4	7.6	5.2	4.5	n/a	10%
ST BARBARA	9.0	5.1	4.3	2.8	n/a	22%
PERSEUS	10.4	4.9	6.1	2.9	n/a	16%
BEADELL	3.5	2.9	3.0	2.7	28%	34%
GRYPHON	n/a	n/a	n/a	n/a	n/a	n/a
REGIS	12.1	9.1	8.1	6.2	8%	12%
RESOLUTE	6.3	11.3	3.0	4.3	14%	0%
<b>AVERAGE</b>	<b>9.5</b>	<b>7.7</b>	<b>5.5</b>	<b>4.3</b>	<b>14%</b>	<b>14%</b>

Source: Citi Research

## Sensitivity Analysis for the Bugs

While our estimates incorporate a moderation in commodity prices going forwards, below we derive our NPV's based on spot gold price of ~US\$1,700/oz into perpetuity.

Figure 13. Sensitivity Analysis - Base vs. Spot NPV

Company	Base Case	Spot Gold & FX	%	Spot Gold	%
Newcrest	18.93	22.60	19%	34.06	80%
Medusa	6.52	10.71	64%	10.50	61%
Oceana	2.70	3.98	47%	4.53	68%
Kingsgate	4.95	7.90	59%	9.22	86%
St Barbara	1.49	2.70	82%	3.66	146%
Perseus	3.02	4.50	49%	5.40	79%
Beadell	1.08	1.41	31%	1.58	47%
Gryphon	1.04	1.70	63%	2.07	98%
Regis	3.89	4.57	18%	5.73	47%
Resolute	1.35	1.71	27%	2.33	73%

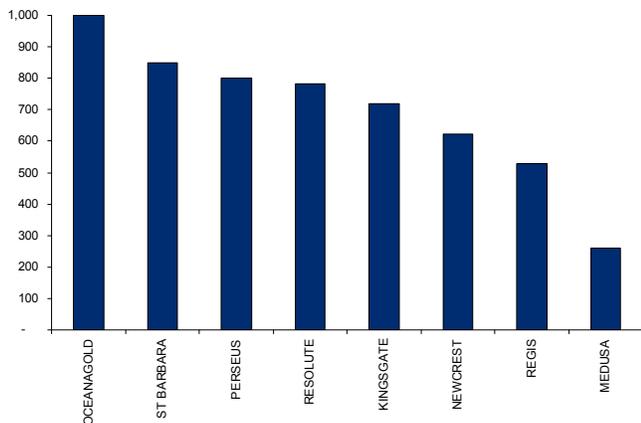
Source: Citi Research

As the analysis shows, while stronger gold prices in isolation generates material uplift in NPV's across the board, incorporating spot AUDUSD of \$1.04 neutralises much of the upside for A\$ reporters with operations (and therefore cost base) primarily in A\$. On this basis, the stocks that would most noticeably have their "wings clipped" by a higher A\$ are NCM, SBM & RRL.

## Volume Growth & Cash Costs

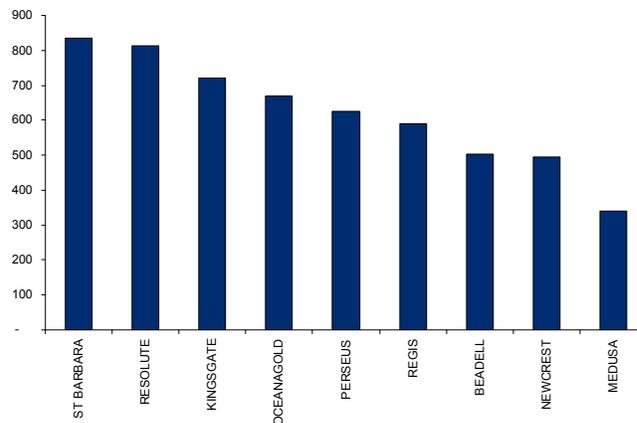
On cash costs the key change we note is OGC which has indicated cash costs will fall to ~US\$600/oz once Didipio comes on-stream - a significant step-change from current group cash costs of ~US\$1000.

Figure 14. 2012A Total Cash Costs (US\$/oz)



Source: Company reports and Citi Research

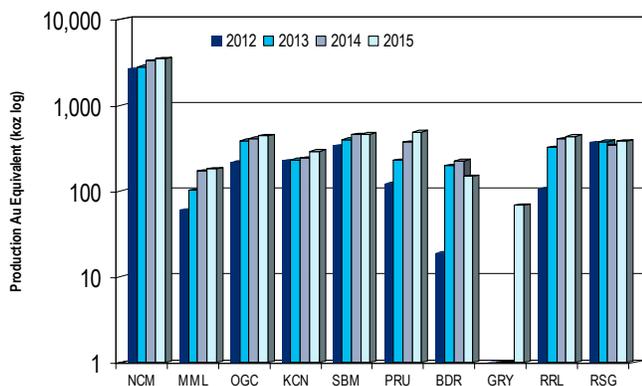
Figure 15. 2015E Total Cash Costs (US\$/oz)



Source: Citi Research

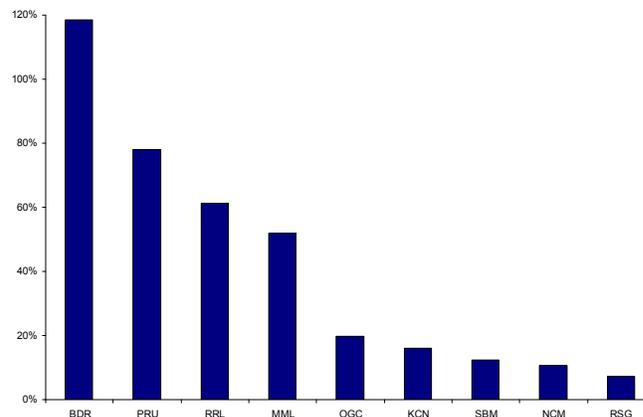
The best forecast volume growth over the 2012-2015 period comes from PRU, RRL and MML. BDR also screens well but comes off a low base given Tucano is only now moving through commissioning.

Figure 16. Volume Growth 2012-2015E (log scale)



Source: Citi Research

Figure 17. CAGR Revenue Growth 2012-2015E

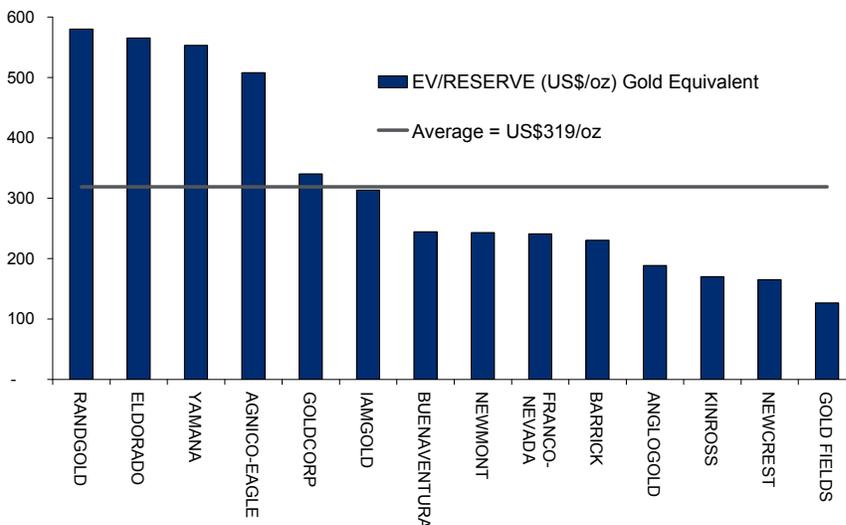


Source: Citi Research

## Reserves & Resources

Major global gold peers are presently trading on a reserve multiple of ~US\$319/oz. Reserve & resource multiples in the gold sector are regarded as a useful valuation cross-check and as such we consider ASX stocks under coverage against this benchmark.

Figure 18. Global Gold Majors – Reserve Multiple Benchmarking

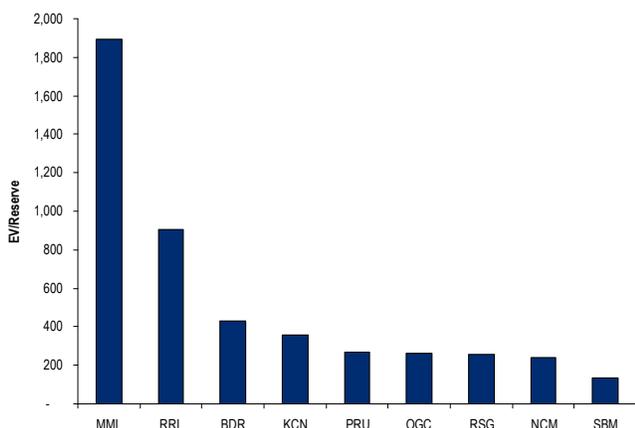


Source: Citi Research, Bloomberg

Looking across the ASX gold stocks shows most of our coverage looking cheap in relative terms with NCM, OGC and SBM (high cost) at the lower end.

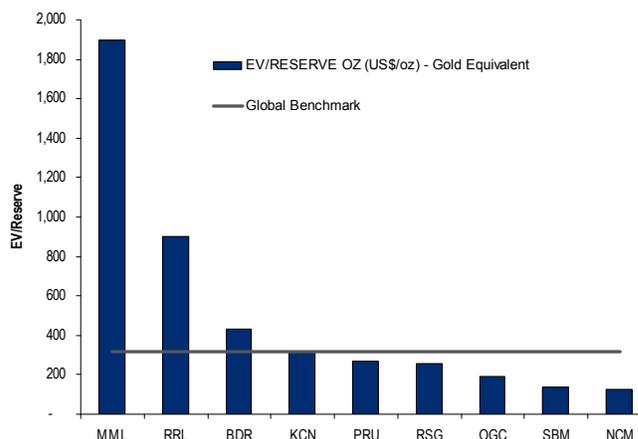
On the expensive side, MML and RRL screen at the high end. The style of MML's ore body (narrow vein underground) explains why it appears as such an outlier. We further consider these metrics against the backdrop of reserve upside below.

Figure 19. EV/Reserve oz - Gold



Source: Citi Research

Figure 20. EV/Reserve oz – Gold Equivalent



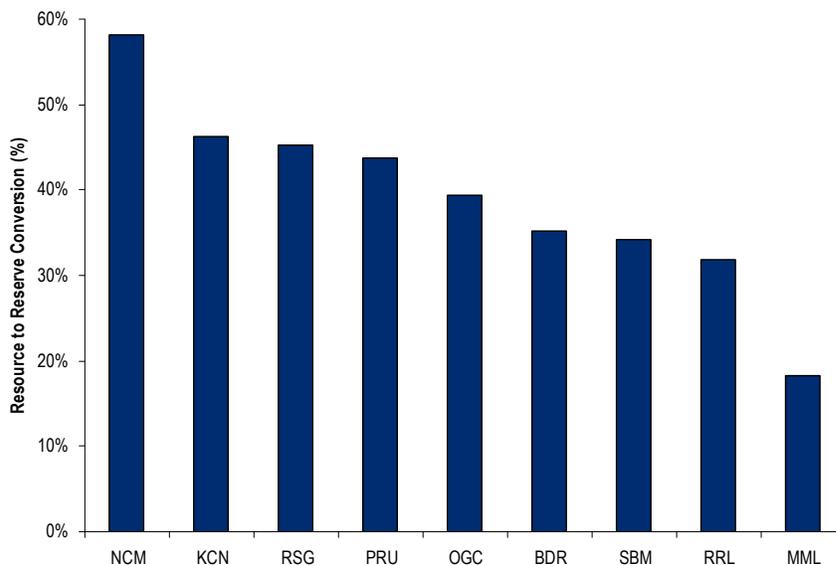
Source: Citi Research

## Reserve Upside

In conjunction with the EV/reserve metrics, we look for stocks which may offer significant reserve upside and therefore potential for material extensions to mine-life. We consider a Resource/Reserve conversion analysis below in this regard:

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Figure 21. Resource / Reserve Conversion – A Window to Reserve Upside



Source: Citi Research

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MML displays the lowest resource to reserve conversion, highlighting the difficulty of increasing the level of confidence in the Co-O resource to a reserve status. However it also implies greater reserve upside potential and thus the potential for extensions to the mine-life of the operations.

In contrast NCM at the high end offers lower relative potential for reserve upside although clearly the operations have significant fundamental differences.

## Gold Price Forecasts

After an extended 3 year rally, gold prices have range-traded between US\$1,500/oz and US\$1,800/oz for the past 18 months. We forecast gold prices to remain strong through 2013 averaging US\$1,750/oz peaking in Q1 2013 at US\$1,800/oz. Thereafter we forecast gold prices will moderate, declining toward our long-term forecast of US\$1,050/oz.

Figure 22. Gold Prices – Recent History & Citi Forecasts



Source: Citi Research, Bloomberg

Citi's gold price forecasts are modestly lower than near-term consensus estimates by ~3% over 2013 & 2014, and 8% below the consensus long-term mean.

Figure 23. Gold Price Forecasts – Citi vs Consensus Estimates (US\$/oz)

	2013	2014	2015	2016	LT (Real)
Consensus Mean	1,799	1,708	1,561	1,439	1,137
Citi	1,749	1,655	1,540	1,350	1,050
Citi vs Consensus	-3%	-3%	-1%	-6%	-8%

Source: Citi Research

Our Global Commodities team recently outlined our view on gold in a note [The New Abnormal - 2013 Commodities Outlook](#). Key points underlying that outlook include:

### Gold – Tarnished Reputation?

- For much of the past year, the narrative for gold has been highly bullish, with many commentators expecting gold prices to push above \$2,000/oz during the first quarter, and then in the second quarter, and then in the fourth quarter after QE3. Now the breach of the magic \$2,000/oz target has been postponed to either the second or third quarters of 2013. We have been correctly more cautious with regard to the gold price outlook through this year, and continue to hold this view. Indeed, while there remains sufficient systemic macro risk issue to push gold prices higher, forecasting a 2013 annual average gold price of \$1750/oz, peaking in Q1 at close to \$1,800/oz, slowly improving US macro data, and a stronger dollar (versus the Euro) will limit the extent of the upside.

- While QE 1 and 2 were both unannounced and therefore a positive surprise to markets, QE3 was long trailed, with markets anticipating it for at least a month before the actual announcement was made. Indeed, in the month up to the actual announcement gold prices rallied by 10% on expectations of QE3. However, post the September 13th announcement, gold stuttered, with improving US macro data and Europe's continued travails providing dollar support, effectively undermining the impact of QE3 on dollar values and thus the bull gold narrative. The conventional wisdom that QE will inevitably lead to hyperinflation also looks misplaced. Indeed, despite the huge size of Fed's balance sheet (now at \$2.8 tr), US CPI has been below 4% every month since September 2008, below 3% this year.
- Net official sector gold buying is posited as source of gold price support, and indeed central banks have been active this year, with estimates for the year as whole being 490 tonnes, up around 7% on 2011 levels (a slowdown compared to the 450% growth in central bank buying in 2011). What is notable about central bank gold purchases through this year is that buying has been far more price sensitive and opportunistic in nature than in the past. Indeed, central banks have provided a floor during dips in gold prices, but have not been a price driving factor this year. Little change is expected in this trend into 2013.
- An Obama victory was supposed to be bullish for gold in that gold would benefit from a continuation of the same fiscal regime, and indeed it was for a short while, rallying from \$1673/oz on November 5th to \$1739/oz on November 9th before stalling in the face of a strengthening dollar. The market quickly switched focus to negotiations over the impending 'fiscal cliff', where the potential for the lack of an agreement before January. Such an extreme situation has been broadly viewed as positive for the dollar, playing the ultimate safe haven role, and thus not positive for gold given the current inverse dollar-gold relationship. Perhaps the short lived nature of the 'Obama Victory' impact should not have been surprising given the failure of gold prices to make ground after the announcement of open ended QE3.

## Demand / Supply

- **Mine Supply Increasing** – Mine supply is expected to continue to expand out to 2016. The Americas should provide the largest source of supply growth with three Canadian mines; Canadian Malartic, Young Davidson and Detour Lake add significant volumes between 2012 and 2013. Two new large scale projects, Pueblo Viejo in the Dominican Republic and Pascua Lama on the Chilean-Argentinean border should also add 37 tons and 25 tons of annual production at their peaks. Sizeable increases should also occur in Mexico, Brazil, Russia and Kazakhstan. In China, growth is expected to take mine production to 400tpa by 2014.
- **Higher Scrap Availability** – The growth in mine supply is expected to coincide with an increase in scrap availability in 2012 and 2013, largely driven by distressed sales.
- **Fabrication Demand to Moderate** – The jewellery market remains under pressure, particularly in major markets such as India, impacted by the continued Rupee depreciation holding gold prices at record highs in Rupee terms. Rural gold jewellery purchases in India, a key element in the Indian jewellery market, are expected to suffer as reduced harvests negatively impact disposable incomes. Total fabrication demand for gold is expected to fall by 2.2% in 2012 and 1.6% in 2013.

- **Speculative Demand to Absorb Surplus** – Overall, a significant surplus of 295 tons will need to be absorbed by physical purchased by ETFs and purchasers of coins and medals etc to balance the gold market in 2012 rising to 1,102 tons on 2013.

Figure 24. Global Supply / Demand Balance

kt	2010	2011	2012e	2013e	2014e	2015e	2016e
Mine Supply	2,689	2,819	2,834	2,889	2,964	2,818	2,800
Scrap Supply	1,645	1,661	1,636	1,837	1,518	1,300	1,300
Net Producer Hedging	0	12	20	82	114	122	100
<b>Total Supply</b>	<b>4,334</b>	<b>4,486</b>	<b>4,470</b>	<b>4,808</b>	<b>4,596</b>	<b>4,208</b>	<b>4,150</b>
Jewellery	2,017	1,973	1,863	1,775	1,926	2,273	2,300
Other fabrications and Industrial use	767	786	751	730	732	682	670
<b>Total Fabrication Demand</b>	<b>2,779</b>	<b>2,759</b>	<b>2,614</b>	<b>2,505</b>	<b>2,658</b>	<b>2,955</b>	<b>2,970</b>
Official Sector Purchases	77	456	493	380	300	300	280
Physical Bar Investment	880	1,202	1,048	810	864	631	560
Net Producer De-hedging	103	0	20	11	0	0	0
Implied Other Investment	485	69	295	1,102	774	322	340
- of which: ETFs	368	160	150	250	220	150	150
Coins, Medals, Other	161	-91	228	847	429	397	397
<b>Total Demand</b>	<b>4,334</b>	<b>4,486</b>	<b>4,628</b>	<b>4,912</b>	<b>4,644</b>	<b>4,502</b>	<b>4,502</b>
(US\$/oz)	1,225	1,570	1,645	1,695	1,655	1,540	1,540

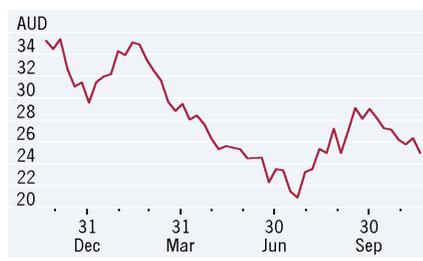
Source: Thompson Reuters GFMS, Citi Research

## Company Focus

- Company Update
- Target Price Change
- Estimate Change

<b>Neutral</b>	<b>2</b>
Price (20 Nov 12)	A\$25.24
Target price	A\$25.60
from A\$26.00	
Expected share price return	1.4%
Expected dividend yield	1.8%
<b>Expected total return</b>	<b>3.2%</b>
Market Cap	A\$19,331M
	US\$20,132M

### Price Performance (RIC: NCM.AX, BB: NCM AU)



## Newcrest Mining Ltd (NCM.AX) 2013 – Year of Transition

- **Neutral Rated** — NCM is targeting 5-year gold production growth to 3.1- 3.5moz from a base of 2.3moz in FY12 (35-50%). This is driven by Cadia East (30-40% of 5-year growth) and Lihir (50-70% of 5 year growth). FY13 marks a key transitional year in that plan as the major program of capex rolls off and production comes on stream. NCM is rated Neutral with a \$25.60 target price.
- **Full Year Guidance** — Gold production of 2.3-2.5moz (Citi 2.4moz) and copper of 75-85kt. Incorporates 400-500koz at Cadia, 700-900koz at Lihir, 500-600koz from Telfer, 375-425koz at Gosowong, 100-110koz Bonikro and 100-120koz at Hidden Valley. Quarterly gold production is expected to progressively increase over the remainder of FY13.
- **FY13: Transitional Year** — The year ahead represents a significant period for NCM given the completion and commencement of the 2 main planks of production growth at Cadia East and Lihir. Cadia East and the MOPU plant expansion will progressively ramp-up from mid FY13, in conjunction with the Lihir reliability improvement program. Progress remains on schedule and Cadia East is anticipated to deliver first commercial production from the December quarter.
- **Cadia East Ramp Up Key** — Development of the panel cave mine continues with pre-conditioning, undercutting and drawbell development continuing to schedule. Current production is running at ~100kt/month with ~400kt/month anticipated by the end of the year. A 4-year ramp-up is expected at which point mining costs should be around ~\$5/t. ~\$300m of the \$1.9bn capex budget remains to be spent. A clear picture on the performance of the cave is unlikely to emerge for several months as ore mined continues to be drawn from the undercut. However geotechnical signals thus far have all supported existing expectations.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. As such we revise our target price to \$25.60 (\$26.00 prior) which is based on a blend of 1.6x NPV (diversified gold benchmark), PE of 12x and EV/EBITDA of 7x based on 2013 estimates. Benchmark earnings multiples adopted are in line with global peer averages. Earnings and NPV change reflects updated commodity prices and fx.

NCM.AU revisions (Y/E Jun)	2011A	2012A	2013E	2014E	2015E
Sales (A\$m)	4,103.0	4,431.0	5,039.2	6,110.7	6,003.8
% revision	0.0%	0.0%	0.2%	0.0%	0.0%
EBIT (A\$m)	1,544.0	1,590.0	1,905.2	2,729.0	2,559.8
% revision	0.0%	0.0%	0.9%	0.5%	0.6%
Core Net Profit (A\$m)	1,116.0	1,089.0	1,172.8	1,742.0	1,644.8
% revision	0.0%	0.0%	1.1%	0.6%	0.7%
Core EPS (A¢)	155.1	142.1	153.0	227.2	214.5
% revision	0.0%	0.0%	1.1%	0.6%	0.7%
EPS Growth (%)	-10.1	-8.4	7.6	48.5	-5.6
PE Ratio (x)	16.3	17.8	16.5	11.1	11.8
Dividend Yield (%)	2.0	1.4	1.8	1.8	1.8

Source: Company Reports and dataCentral, Citi Research.

NCM.AX: Fiscal year end 30-Jun						Price:\$25.24; TP:\$25.60; # Shares: 766m; Market Cap: A\$19331m; Recomm: Neutral					
Profit & Loss (A\$m)						Comdty & FX Forecasts					
	2012	2013E	2014E	2015E	2016E		2012	2013E	2014E	2015E	2016E
Sales revenue	4,431	5,039	6,111	6,004	5,307	Gold price (US\$/oz)	1,638.5	1,740.9	1,711.3	1,577.5	1,445.0
Cost of sales	-2,626	-2,947	-3,224	-3,279	-3,184	Copper price (USc/lb)	361.3	361.5	357.2	343.6	335.7
<b>EBITDA</b>	<b>2,151</b>	<b>2,562</b>	<b>3,584</b>	<b>3,451</b>	<b>2,796</b>	Silver price (US\$/oz)	33.5	31.7	29.3	23.9	21.9
Depreciation/Amortization	-561	-657	-855	-891	-883	AUDUSD (analyst) (x)	1.03	1.00	0.96	0.95	0.94
<b>EBIT</b>	<b>1,590</b>	<b>1,905</b>	<b>2,729</b>	<b>2,560</b>	<b>1,913</b>	<b>Long Term Forecasts</b>					
Net interest	-41	-144	-145	-126	-116	Gold Price (US\$/oz)					1,050.0
<b>Earnings before tax</b>	<b>1,549</b>	<b>1,761</b>	<b>2,584</b>	<b>2,434</b>	<b>1,797</b>	Copper Price (US c/lb)					281.2
Tax Recurring	-402	-528	-775	-730	-539	Silver Price (US\$/oz)					16.5
Exceptional/Other	-30	-60	-66	-59	-52	AUDUSD average					0.91
<b>Reported net profit</b>	<b>1,117</b>	<b>1,173</b>	<b>1,742</b>	<b>1,645</b>	<b>1,206</b>						
Core NPAT	1,089	1,173	1,742	1,645	1,206	<b>Production Volumes</b>					
<b>Balance Sheet (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>		<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Cash & cash equiv.	242	366	888	2,243	2,403	Total Gold (koz)	2,274.8	2,390.1	2,867.8	2,967.7	2,871.2
Net fixed & other tangibles	15,185	16,367	16,676	16,644	17,419	Total Copper (kt)	76.0	79.3	85.0	100.5	74.6
<b>Total assets</b>	<b>20,509</b>	<b>22,127</b>	<b>23,048</b>	<b>24,306</b>	<b>25,047</b>	Total Silver (koz)	1,940.6	1,387.9	1,460.7	1,460.7	1,460.7
Short-term debt	1,200	1,200	1,200	1,200	1,200	<b>Production Costs</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Long-term debt	1,208	2,208	2,208	2,758	3,258	Gold C1 (US\$/oz)	645.2	665.5	519.7	475.2	521.1
<b>Total liabilities</b>	<b>5,415</b>	<b>6,300</b>	<b>6,277</b>	<b>6,843</b>	<b>7,404</b>	<b>Earnings Sensitivity</b>					
Shareholders' equity	14,975	15,708	16,652	17,344	17,523	EPS%Δ/10% AUDUSD (%)	0.0	-25.5	-20.6	-22.1	-27.4
<b>Total equity</b>	<b>15,094</b>	<b>15,827</b>	<b>16,771</b>	<b>17,463</b>	<b>17,642</b>	EPS%Δ/10% Gold (%)	0.0	24.5	20.9	22.0	28.3
<b>Net debt</b>	<b>2,166</b>	<b>3,042</b>	<b>2,520</b>	<b>1,715</b>	<b>2,055</b>	EPS%Δ/10% Copper (%)	0.0	3.7	2.8	3.5	3.8
						EPS%Δ/10% Silver (%)	0.0	0.5	0.3	0.3	0.4
<b>Cashflow (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
<b>Operating cashflow</b>	<b>1,726</b>	<b>1,932</b>	<b>2,599</b>	<b>2,517</b>	<b>2,078</b>						
Capex	-2,714	-2,049	-1,305	-902	-1,444						
Net acq/disposals	-41	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>-1,029</b>	<b>-117</b>	<b>1,294</b>	<b>1,615</b>	<b>634</b>						
<b>Net change in cash</b>	<b>57</b>	<b>-408</b>	<b>950</b>	<b>1,270</b>	<b>175</b>						
<b>Per share data</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
Reported EPS (¢)	145.8	153.0	227.2	214.5	157.3	<b>Reserves &amp; Resources</b>					
Core EPS (¢)	142.1	153.0	227.2	214.5	157.3	<b>Reserves</b>		<b>Resource</b>			
DPS (¢)	35.0	45.0	45.0	45.0	60.0	Amount	Grd.(g/t)	Amount	Grd.(g/t)		
CFPS (¢)	225.3	252.0	338.9	328.2	271.0	Gold (koz)	91,121.3	0.73	156,700.0	0.60	
BVPS (¢)	1957.4	2052.9	2175.8	2266.1	2289.6	Copper (kt)	13,588.6	0.24	24,500.0	0.30	
Wtd avg ord shares (m)	765	765	765	765	765	Silver (koz)	79,637.0	0.45	107,074.5	0.41	
Wtd avg diluted shares (m)	766	767	767	767	767						
<b>Valuation ratios</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Valuation</b>					
PE (x)	17.8	16.5	11.1	11.8	16.0	WACC (%)					9.0
EV/EBIT (x)	13.3	11.7	8.3	8.5	11.3						
EV/EBITDA (x)	9.8	8.7	6.3	6.3	7.7	<b>NPV Valuation</b>					
FCF yield (%)	-5.1	-0.6	6.7	8.3	3.3	Cadia Valley				<b>US\$m</b>	<b>A\$/sh.</b>
Dividend yield (%)	1.4	1.8	1.8	1.8	2.4	Telfer				2,682.2	3.85
Payout ratio (%)	25	29	20	21	38	Gosowong				1,170.1	1.68
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Hidden Valley				1,113.6	1.60
EBITDA margin (%)	48.5	50.8	58.7	57.5	52.7	Wafi-Golpu				349.4	0.50
Operating ROE (%)	7.6	7.6	10.8	9.7	6.9	Lihir				2,204.0	3.16
Operating ROIC (%)	6.6	6.8	9.2	8.5	6.3	Bonikro				6,666.9	9.57
Net debt to equity (%)	14.4	19.2	15.0	9.8	11.6	Other				489.9	0.70
Debt to total capital (%)	13.8	17.7	16.9	18.5	20.2	<b>Total</b>				<b>-1,687.8</b>	<b>-2.42</b>
										<b>12,988.1</b>	<b>18.93</b>

For further data queries on Citi's full coverage universe please contact Citi Research Data Services at CitiRsch.DataServices.Global@citi.com

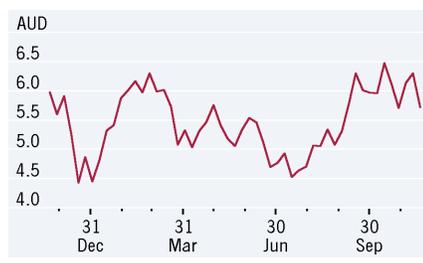


## Company Focus

- Company Update
- Rating Change
- Estimate Change

<b>Buy</b>	<b>1</b>
<i>from Buy/High Risk</i>	
Price (20 Nov 12)	A\$5.90
Target price	A\$7.00
Expected share price return	18.6%
Expected dividend yield	1.7%
<b>Expected total return</b>	<b>20.3%</b>
Market Cap	A\$1,115M
	US\$1,161M

### Price Performance (RIC: MML.AX, BB: MML AU)



## Medusa Mining Ltd (MML.AX) Consistency the Key

- **Buy Rated** — Construction of the Co-O Phase 3 expansion is on schedule for a mid-13 start, realizing a step change in production to 200kozpa. Work continues on the Bananghilig feasibility which is scheduled to come online in 2015. MML offers an attractive organic growth profile, and is rated Buy with an A\$7.00/share target price.
- **Guidance Maintained** — Production guidance for FY13 is 100-120koz at a cash cost of US\$210/oz (FY12 production 61koz @ US\$261/oz). Preliminary cost estimates for repairs following fire damage at the Baguio shaft are US\$500k. MML plans to process stockpiles of settling pond fines in the interim to supplement the loss of mine production. FY14 guidance is 200koz @ US\$220/oz as Co-O expansion comes on stream.
- **Expansion Plans on Track** — Construction of the new 750ktpa mill at Co-O continues to schedule (US\$70m capex) with first production anticipated in mid 2013. Feasibility work continues at Bananghilig (US\$200m capex) with ongoing drilling contributing to a recent resource upgrade of 69% to 21mt @ 1.63g/t (1.1moz contained). MML aims for the feasibility study to be “well advanced” by the end of CY12. Bananghilig is anticipated to come on stream in CY15 and contribute an additional 200kozpa of production.
- **Cash & Debt** — Cash on hand of US\$38m with no debt or hedging. We forecast strong free cash flow in FY13 of ~US\$100m. MML remains well funded to underwrite growth plans with internal cash generation.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. Our target price remains at \$7.00 based on a blend of 1.3x NPV (mid-cap gold benchmark), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted are at a discount to global peer averages to reflect country risk. Earnings and NPV change reflects updated commodity prices and fx. We remove the High Risk rating to reflect improved confidence in the fiscal regime in the Philippines after the recent Federal Government review.

MML.AU revisions (Y/E Jun)	2011A	2012A	2013E	2014E	2015E
Sales (US\$m)	148.8	80.8	194.7	291.5	283.0
% revision	0.0%	0.0%	10.8%	0.5%	0.0%
EBIT (US\$m)	109.7	47.7	138.3	201.8	185.4
% revision	0.0%	0.0%	14.2%	0.9%	-0.3%
Core Net Profit (US\$m)	110.4	49.2	133.1	146.3	139.7
% revision	0.0%	0.0%	14.3%	1.3%	0.1%
Core EPS (US¢)	58.5	26.1	70.2	77.1	73.6
% revision	0.0%	0.0%	14.3%	1.3%	0.1%
EPS Growth (%)	55.4	-55.5	169.3	9.9	-4.5
PE Ratio (x)	10.5	23.6	8.8	8.0	8.3
Dividend Yield (%)	1.6	1.1	1.1	1.6	1.6

Source: Company Reports and dataCentral, Citi Research.

MML.AX: Fiscal year end 30-Jun						Price:\$5.90; TP:\$7.00; # Shares: 189m; Market Cap: A\$1115m; Recomm: Buy					
Profit & Loss (US\$m)	2012	2013E	2014E	2015E	2016E	Comdty & FX Forecasts	2012	2013E	2014E	2015E	2016E
Sales revenue	81	195	292	283	259	Gold price (US\$/oz)	1,674.0	1,740.9	1,711.3	1,577.5	1,445.0
Cost of sales	-21	-46	-75	-80	-81	AUDUSD (analyst) (x)	1.03	1.00	0.96	0.95	0.93
<b>EBITDA</b>	<b>58</b>	<b>149</b>	<b>219</b>	<b>204</b>	<b>176</b>	<b>Long Term Forecasts</b>					
Depreciation/Amortization	-10	-10	-18	-19	-19	Gold Price (US\$/oz)					1,050.0
<b>EBIT</b>	<b>48</b>	<b>138</b>	<b>202</b>	<b>185</b>	<b>156</b>	AUDUSD average					0.91
Net interest	0	2	7	14	20						
<b>Earnings before tax</b>	<b>48</b>	<b>140</b>	<b>209</b>	<b>200</b>	<b>176</b>	<b>Production Volumes</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Tax Recurring	1	-7	-63	-60	-53	Co-O (koz)	60.6	101.2	170.4	179.4	179.4
Exceptional/Other	0	0	0	0	0	Bhanaghilig (koz)	0.0	0.0	0.0	0.0	118.3
<b>Reported net profit</b>	<b>49</b>	<b>133</b>	<b>146</b>	<b>140</b>	<b>123</b>	<b>Production Costs</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Core NPAT	49	133	146	140	123	Gold C1 (US\$/oz)	205.0	255.8	276.8	283.7	339.4
<b>Balance Sheet (US\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
Cash & cash equiv.	12	99	223	327	405	<b>Earnings Sensitivity</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Net fixed & other tangibles	248	285	275	263	250	EPS%Δ/10% AUDUSD (%)	0.0	0.0	0.0	0.0	na
<b>Total assets</b>	<b>332</b>	<b>456</b>	<b>568</b>	<b>661</b>	<b>726</b>	EPS%Δ/10% Gold (%)	0.0	13.6	13.6	14.3	na
Short-term debt	0	0	0	0	0						
Long-term debt	0	0	0	0	0						
<b>Total liabilities</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>						
Shareholders' equity	316	439	552	644	709						
<b>Total equity</b>	<b>316</b>	<b>439</b>	<b>552</b>	<b>644</b>	<b>709</b>						
<b>Net debt</b>	<b>-12</b>	<b>-99</b>	<b>-223</b>	<b>-327</b>	<b>-405</b>						
<b>Cashflow (US\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
<b>Operating cashflow</b>	<b>63</b>	<b>147</b>	<b>149</b>	<b>130</b>	<b>103</b>						
Capex	-88	-47	-7	-7	-7						
Net acq/disposals	0	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>-25</b>	<b>100</b>	<b>142</b>	<b>123</b>	<b>96</b>						
<b>Net change in cash</b>	<b>-50</b>	<b>87</b>	<b>124</b>	<b>105</b>	<b>77</b>						
<b>Per share data</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
Reported EPS (¢)	26.1	70.2	77.1	73.6	65.0	<b>Reserves &amp; Resources</b>	<b>Reserves</b>	<b>Resource</b>			
Core EPS (¢)	26.1	70.2	77.1	73.6	65.0		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	7.0	7.0	10.0	10.0	10.0	Gold (koz)	568.0	9.70	3,119.0	3.57	
CFPS (¢)	33.1	77.4	78.8	68.8	54.5						
BVPS (¢)	167.2	232.4	292.1	341.1	375.5						
Wtd avg ord shares (m)	189	189	189	189	189						
Wtd avg diluted shares (m)	189	190	190	190	190						
<b>Valuation ratios</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Valuation</b>					
PE (x)	23.6	8.8	8.0	8.3	9.5	WACC (%)					13.0
EV/EBIT (x)	23.6	8.0	5.0	4.8	5.1						
EV/EBITDA (x)	19.5	7.4	4.6	4.3	4.5	<b>NPV Valuation</b>				<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	-2.2	8.6	12.2	10.6	8.3	Co-O				954.3	5.55
Dividend yield (%)	1.1	1.1	1.6	1.6	1.6	Banaghilig				131.6	0.77
Payout ratio (%)	27	10	13	14	15	Exploration				56.9	0.33
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Corporate				-81.0	-0.47
EBITDA margin (%)	71.3	76.3	75.3	72.2	67.8	Net (debt)/cash				58.3	0.34
Operating ROE (%)	16.6	35.3	29.5	23.3	18.2	<b>Total</b>				<b>1,120.0</b>	<b>6.52</b>
Operating ROIC (%)	18.8	40.7	41.5	38.7	33.2						
Net debt to equity (%)	-3.9	-22.5	-40.3	-50.8	-57.0						
Debt to total capital (%)	0.0	0.0	0.0	0.0	0.0						

For further data queries on Citi's full coverage universe please contact Citi Research Data Services at CitiRsch.DataServices.Global@citi.com

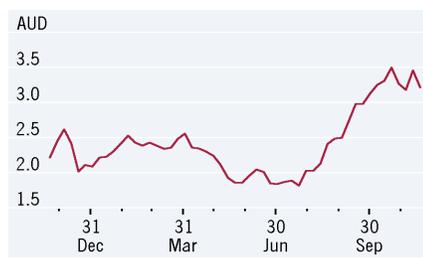


## Company Focus

- Company Update
- Rating Change
- Estimate Change

<b>Buy</b>	<b>1</b>
<i>from Buy/High Risk</i>	
Price (20 Nov 12)	A\$3.32
Target price	A\$4.30
Expected share price return	29.5%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>29.5%</b>
Market Cap	A\$874M
	US\$910M

Price Performance  
(RIC: OGC.AX, BB: OGC AU)



## OceanaGold (OGC.AX) Didipio Game Changer

- **Buy A\$4.30 Target Price** — The imminent commissioning of Didipio offers a significant step change in production along with a much improved position on consolidated cash costs. On a consolidated basis, OGC has indicated cash costs will fall to ~US\$600/oz once Didipio comes on-stream. This represents a significant step-change from current group cash costs – 2012 guidance is for US\$1000-1050/oz and the first 3 quarters of 2012 reported costs of +US\$1000/oz – taking the group from the top decile of global producers to the second quartile. We rate OGC Buy, with a target price of A\$4.30.
- **Copper Kicker** — OGC estimates Didipio cash costs will be negative US\$79/oz for the first six years of operation using US\$3/lb copper. However, assuming Citi's 3-year average copper price of US\$3.50/lb we estimate cash costs could be as low as negative ~US\$270/oz. Using spot copper of ~US\$3.70/lb magnifies this further and could see cash costs reach negative ~US\$350/oz. When considered in conjunction with our 2013 gold price of US\$1,750/oz, +US\$2,000 gold could be closer than you think.
- **FTAA #1** — Didipio is the first project to proceed into production under an FTAA, the structure which represents the foundation for future foreign investment in the Philippines. Viewed in the context of the recent Philippine Government Executive Order 79 on mining sector reform, which reiterated the validity of existing FTAA agreements, we see little risk to existing arrangements.
- **Targeting 600kozpa by 2016** — OGC's vision to deliver annual gold production of 600koz by 2016 is predicated on maintaining 250koz from NZ and adding 150koz from Didipio, implying an additional 200koz operation from either M&A or exploration. We forecast free cash flows of over US\$200mpa over the next three years, providing a strong platform for funding growth options.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. We retain our target price to \$4.30 which is based on a blend of 1.3x NPV (mid-cap gold benchmark), PE of 11x and EV/EBITDA of 6x based on 2013 estimates. Benchmark earnings multiples adopted are at a marginal discount to global peer averages reflecting the commissioning and ramp-up risk underway over coming months and country risk. Earnings and NPV change reflects updated commodity prices and fx and higher pre-strip capex at the NZ operations. We remove the High Risk rating to reflect improved confidence in the fiscal regime in the Philippines after the recent Federal Government review.

OGC.AU revisions (Y/E Dec)	2010A	2011A	2012E	2013E	2014E
Sales (US\$m)	305.6	395.6	376.0	634.3	645.5
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (US\$m)	71.9	78.5	38.0	162.8	173.9
% revision	0.0%	0.0%	-22.5%	-12.0%	4.9%
Core Net Profit (US\$m)	34.3	44.5	10.3	91.9	103.9
% revision	0.0%	0.0%	-42.7%	-17.1%	1.3%
Core EPS (US¢)	12.7	14.5	3.4	30.0	33.9
% revision	0.0%	0.0%	-42.7%	-17.1%	1.3%
EPS Growth (%)	919.9	14.7	-76.8	788.9	13.1
PE Ratio (x)	27.3	23.8	102.5	11.5	10.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, Citi Research.

OGC.AX: Fiscal year end 31-Dec						Price:\$3.32; TP:\$4.30; # Shares: 263m; Market Cap: A\$874m; Recomm: Buy					
Profit & Loss (US\$m)	2011	2012E	2013E	2014E	2015E	Comdty & FX Forecasts	2011	2012E	2013E	2014E	2015E
Sales revenue	395.6	376.0	634.3	645.5	645.3	Gold price (US\$/oz)	1,572.1	1,681.6	1,748.8	1,655.0	1,540.0
Cost of sales	-302.6	-321.5	-451.3	-454.8	-463.6	Copper price (US\$/lb)	399.9	361.9	361.3	352.7	340.2
<b>EBITDA</b>	<b>164.3</b>	<b>126.6</b>	<b>296.4</b>	<b>305.0</b>	<b>292.8</b>	AUDUSD (analyst) (x)	1.03	1.03	0.97	0.95	0.94
Depreciation/Amortization	-85.8	-88.6	-133.6	-131.1	-128.3	<b>Long Term Forecasts</b>					
<b>EBIT</b>	<b>78.5</b>	<b>38.0</b>	<b>162.8</b>	<b>173.9</b>	<b>164.5</b>	Gold Price (US\$/oz)					1,050.0
Net interest	-12.9	-20.4	-21.3	-13.7	12.7	Copper Price (US\$/mt)					6,200.0
<b>Earnings before tax</b>	<b>65.6</b>	<b>17.6</b>	<b>141.5</b>	<b>160.2</b>	<b>177.3</b>	AUDUSD average					0.91
Tax Recurring	-21.0	-7.2	-42.4	-48.1	-53.2						
Exceptional/Other	-3.2	11.2	-7.2	-8.3	-8.0	<b>Production Volumes</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
<b>Reported net profit</b>	<b>41.3</b>	<b>21.5</b>	<b>91.9</b>	<b>103.9</b>	<b>116.1</b>	Macraes - 100% (koz)	174.9	155.5	172.8	172.8	172.8
Core NPAT	44.5	10.3	91.9	103.9	116.1	Reefton - 100% (koz)	77.6	62.7	61.7	61.7	61.7
<b>Balance Sheet (US\$m)</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	Didipio - 100% (koz Au)	0.0	0.0	65.3	85.9	101.8
Cash & cash equiv.	170.0	22.6	145.9	307.4	252.4	Didipio - 100% (kt Cu)	0.0	0.0	14.8	15.8	18.1
Net fixed & other tangibles	591.2	779.7	762.6	721.5	683.7	<b>Production Costs</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
<b>Total assets</b>	<b>817.6</b>	<b>871.8</b>	<b>978.0</b>	<b>1098.4</b>	<b>1005.5</b>	Total Cash Cost - Group (US\$/oz)	877.8	1,054.2	740.5	690.6	668.0
Short-term debt	72.7	0	0	225.0	0						
Long-term debt	153.1	230.7	230.7	5.7	5.7	<b>Earnings Sensitivity</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
<b>Total liabilities</b>	<b>339.4</b>	<b>370.7</b>	<b>370.7</b>	<b>370.7</b>	<b>145.7</b>	EPS%Δ/10% AUDUSD (%)	na	-39.0	-16.5	-14.0	-13.0
Shareholders' equity	478.2	501.1	607.3	727.7	859.8	EPS%Δ/10% Gold (%)	na	67.8	38.3	35.3	33.7
<b>Total equity</b>	<b>478.2</b>	<b>501.1</b>	<b>607.3</b>	<b>727.7</b>	<b>859.8</b>						
<b>Net debt</b>	<b>55.8</b>	<b>208.1</b>	<b>84.8</b>	<b>-76.7</b>	<b>-246.7</b>						
<b>Cashflow (US\$m)</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>						
<b>Operating cashflow</b>	<b>154.6</b>	<b>100.3</b>	<b>239.9</b>	<b>251.5</b>	<b>260.4</b>						
Capex	-146.6	-243.5	-116.6	-90.0	-90.4						
Net acq/disposals	0	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>8.0</b>	<b>-143.2</b>	<b>123.3</b>	<b>161.5</b>	<b>169.9</b>						
<b>Net change in cash</b>	<b>-11.3</b>	<b>-147.4</b>	<b>123.3</b>	<b>161.5</b>	<b>-55.1</b>						
<b>Per share data</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>						
Reported EPS (¢)	13.5	7.0	30.0	33.9	37.9	<b>Reserves &amp; Resources</b>	<b>Reserves</b>	<b>Resource</b>			
Core EPS (¢)	14.5	3.4	30.0	33.9	37.9		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	0	0	0	0	0	Gold (koz)	3,838.3	1.16	9,758.6	1.19	
CFPS (¢)	50.3	32.7	78.3	82.1	84.9	Copper(kt)	229.7	0.22	360.6	0.08	
BVPS (¢)	182.2	190.6	231.0	276.8	327.1						
Wtd avg ord shares (m)	262	263	263	263	263						
Wtd avg diluted shares (m)	307	307	307	307	307						
<b>Valuation ratios</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>Valuation</b>					
PE (x)	23.8	nm	11.5	10.2	9.1	WACC (%)					11.0
EV/EBIT (x)	12.3	28.1	6.6	5.4	4.7						
EV/EBITDA (x)	5.9	8.4	3.7	3.1	2.6	<b>NPV Valuation</b>				<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	0.7	-13.5	11.6	15.2	16.0	NZ Operations				406.5	1.70
Dividend yield (%)	0	0	0	0	0	Didipio				469.2	1.96
Payout ratio (%)	0	0	0	0	0	Exploration				45.5	0.19
<b>Operating performance</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	Corporate				-68.3	-0.29
EBITDA margin (%)	41.5	33.7	46.7	47.3	45.4	Net (debt)/cash				-206.6	-0.86
Operating ROE (%)	7.6	2.1	16.6	15.6	14.6	<b>Total</b>				<b>646.4</b>	<b>2.70</b>
Operating ROIC (%)	8.1	4.5	15.6	17.0	15.9						
Net debt to equity (%)	11.7	41.5	14.0	-10.5	-28.7						
Debt to total capital (%)	32.1	31.5	27.5	24.1	0.7						

For further data queries on Citi's full coverage universe please contact Citi Research Data Services at CitiRsch.DataServices.Global@citi.com

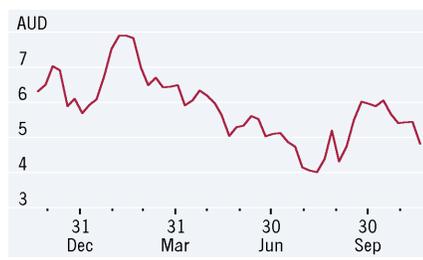


## Company Focus

- Company Update
- Rating Change
- Target Price Change
- Estimate Change

<b>Buy</b>	<b>1</b>
<i>from Neutral</i>	
Price (20 Nov 12)	A\$4.92
Target price	A\$5.90
<i>from A\$5.30</i>	
Expected share price return	19.9%
Expected dividend yield	4.1%
<b>Expected total return</b>	<b>24.0%</b>
Market Cap	A\$747M
	US\$778M

### Price Performance (RIC: KCN.AX, BB: KCN AU)



## Kingsgate Consolidated Limited (KCN.AX) Flat Chat

- **Upgrade to Buy** — With the metallurgical licence at Chatree Plant 2 granted in early October, FY13 should see production move to a higher sustainable level. A potential Thai IPO in conjunction with results from feasibility work on Neuva Esperanza (Chile) and Bowdens (NSW) represent potential near-term catalysts for KCN, however management maintains an array of important work to keep in check. We lift our rating to Buy with a \$5.90/share target price.
- **Thai IPO** — KCN has indicated that proceeding with the IPO is dependent upon the grant of additional Thai exploration licenses (awaiting Minister of Industry's consent) and market conditions. With a new "cooperative" preference shareholder now onboard, pending exploration approvals the IPO could take place as early as 2Q 2013. The IPO is intended to provide funding required for the ~\$500m capex for Neuva Esperanza and Bowdens with the added potential bonus of achieving an "Asian premium" on KCN equity.
- **FY13 Production Guidance** — FY13 production guidance of 200-220koz compares to FY12 production of 209koz. This assumes production at Chatree of 120-130koz and Challenger at 80-90koz. We anticipate production to be weighted to the 2H due to the impact of final inspections of the Chatree North by Thai authorities in the September quarter.
- **Growth Strategy** — Commissioning at the Chatree North plant is now complete, taking total nameplate capacity to 5mtpa (2.3mtpa prior). Construction of the second TSF is scheduled for completion in the September quarter. KCN expect throughput to stabilize at 6.2mtpa – 24% over nameplate capacity. Incremental expansion options to 7.2mtpa are under consideration. Feasibility studies are scheduled for completion on Nueva Esperanza and Bowdens during the year.
- **Cash & Debt** — Cash of \$91m and total borrowings of \$158m at FY12 year end. KCN's debt facilities consist of a US\$81m THB-denominated loan (2015 maturity), an A\$50m corporate loan (A\$40m drawn, 2014 maturity) and a A\$35m convertible loan (2016 maturity). Options issued as part of the convertible loan have an exercise price of \$10.50 and expire 22-Sep-16.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. As such we revise our target price to \$5.90 (\$5.30 prior) which is based on a blend of 1.3x NPV (mid-cap gold benchmark), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted are at a discount to global peer averages given the track record of operational disappointment and country risk. Earnings and NPV change reflects updated commodity prices and fx.

KCN.AU revisions (Y/E Jun)	2011A	2012A	2013E	2014E	2015E
Sales (A\$m)	173.4	357.4	399.0	452.5	559.4
% revision	0.0%	0.0%	3.1%	1.2%	-0.5%
EBIT (A\$m)	40.0	98.9	110.9	122.2	162.4
% revision	0.0%	0.0%	24.8%	4.9%	0.0%
Core Net Profit (A\$m)	41.7	74.9	86.7	95.5	133.2
% revision	0.0%	0.0%	25.8%	6.4%	1.1%
Core EPS (A¢)	36.7	52.3	57.3	63.1	88.0
% revision	0.0%	0.0%	25.8%	6.4%	1.1%
EPS Growth (%)	-52.4	42.7	9.6	10.1	39.5
PE Ratio (x)	13.4	9.4	8.6	7.8	5.6
Dividend Yield (%)	3.0	4.1	4.1	4.1	4.1

Source: Company Reports and dataCentral, Citi Research.

KCN.AX: Fiscal year end 30-Jun						Price:\$4.92; TP:\$5.90; # Shares: 152m; Market Cap: A\$747m; Recomm: Buy					
Profit & Loss (A\$m)	2012	2013E	2014E	2015E	2016E	Comdty & FX Forecasts	2012	2013E	2014E	2015E	2016E
Sales revenue	357	399	453	559	538	Gold price (US\$/oz)	1,674.0	1,740.9	1,711.3	1,577.5	1,445.0
Cost of sales	-247	-242	-285	-351	-369	Silver price (US\$/oz)	33.2	31.7	29.3	23.9	21.9
<b>EBITDA</b>	<b>166</b>	<b>157</b>	<b>179</b>	<b>252</b>	<b>229</b>	AUDUSD (analyst) (x)	1.03	1.00	0.96	0.95	0.93
Depreciation/Amortization	-67	-46	-57	-89	-96	<b>Long Term Forecasts</b>					
<b>EBIT</b>	<b>99</b>	<b>111</b>	<b>122</b>	<b>162</b>	<b>133</b>	Gold Price (US\$/oz)					1,050.0
Net interest	-8	-1	-1	6	20	Silver Price (US\$/oz)					16.5
<b>Earnings before tax</b>	<b>91</b>	<b>110</b>	<b>121</b>	<b>168</b>	<b>153</b>	AUDUSD average					0.91
Tax Recurring	-16	-22	-24	-34	-31						
Exceptional/Other	0	-1	-1	-1	-1	<b>Production Volumes</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
<b>Reported net profit</b>	<b>75</b>	<b>87</b>	<b>95</b>	<b>133</b>	<b>121</b>	Chatree (koz)	121.4	125.0	131.2	173.6	173.6
Core NPAT	75	87	95	133	121	Challenger (koz)	87.4	85.1	86.4	86.4	86.4
<b>Balance Sheet (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Production Costs</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Cash & cash equiv.	91	95	137	308	473	Gold C1 (US\$/oz)	610.4	664.2	709.0	620.4	640.3
Net fixed & other tangibles	853	1,055	1,078	1,010	936						
<b>Total assets</b>	<b>1,048</b>	<b>1,255</b>	<b>1,320</b>	<b>1,423</b>	<b>1,513</b>	<b>Earnings Sensitivity</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Short-term debt	36	36	36	36	36	EPS%Δ/10% AUDUSD (%)	0.0	-20.3	-23.2	-24.4	na
Long-term debt	122	122	122	122	122	EPS%Δ/10% Gold (%)	0.0	25.9	33.6	30.0	na
<b>Total liabilities</b>	<b>273</b>	<b>273</b>	<b>273</b>	<b>273</b>	<b>273</b>						
Shareholders' equity	776	982	1,047	1,150	1,241						
<b>Total equity</b>	<b>776</b>	<b>982</b>	<b>1,047</b>	<b>1,150</b>	<b>1,241</b>						
<b>Net debt</b>	<b>67</b>	<b>62</b>	<b>21</b>	<b>-150</b>	<b>-315</b>						
<b>Cashflow (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
<b>Operating cashflow</b>	<b>165</b>	<b>133</b>	<b>152</b>	<b>222</b>	<b>217</b>						
Capex	-167	-248	-81	-21	-22						
Net acq/disposals	-65	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>-68</b>	<b>-115</b>	<b>72</b>	<b>201</b>	<b>195</b>						
<b>Net change in cash</b>	<b>54</b>	<b>4</b>	<b>41</b>	<b>171</b>	<b>165</b>						
<b>Per share data</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
Reported EPS (¢)	52.3	57.3	63.1	88.0	79.8	<b>Reserves &amp; Resources</b>	<b>Reserves</b>	<b>Resource</b>			
Core EPS (¢)	52.3	57.3	63.1	88.0	79.8		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	20.0	20.0	20.0	20.0	20.0	Gold (koz)	2,370.0	0.99	5,115.4	0.61	
CFPS (¢)	115.3	87.6	100.6	147.1	143.4	Silver (koz)	17,800.0	7.42	206,974.4	24.50	
BVPS (¢)	542.1	649.4	692.5	760.5	820.3						
Wtd avg ord shares (m)	143	151	151	151	151						
Wtd avg diluted shares (m)	143	151	151	151	151						
<b>Valuation ratios</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Valuation</b>					
PE (x)	9.4	8.6	7.8	5.6	6.2	WACC (%)					11.5
EV/EBIT (x)	8.4	7.5	6.6	4.3	4.0						
EV/EBITDA (x)	5.0	5.3	4.5	2.8	2.3	<b>NPV Valuation</b>				<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	-0.3	-15.5	9.6	27.0	26.2	Chatree				624.7	4.52
Dividend yield (%)	4.1	4.1	4.1	4.1	4.1	Challenger				166.3	1.20
Payout ratio (%)	38	35	32	23	25	Nueva Esperanza				63.9	0.46
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Bowdens				45.6	0.33
EBITDA margin (%)	46.5	39.3	39.5	45.0	42.6	Exploration				45.6	0.33
Operating ROE (%)	10.9	9.9	9.4	12.1	10.1	Corporate				-210.0	-1.52
Operating ROIC (%)	10.3	8.9	8.8	11.8	10.1	Net (debt)/cash				-52.0	-0.38
Net debt to equity (%)	8.6	6.4	2.0	-13.0	-25.4	<b>Total</b>				<b>684.2</b>	<b>4.95</b>
Debt to total capital (%)	16.9	13.8	13.1	12.0	11.3						

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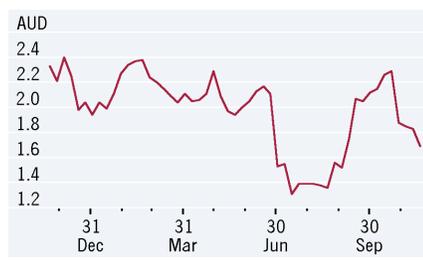


## Company Focus

- Company Update
- Rating Change
- Target Price Change
- Estimate Change

<b>Buy</b>	<b>1</b>
<i>from Neutral/High Risk</i>	
Price (20 Nov 12)	A\$1.72
Target price	A\$2.10
<i>from A\$1.90</i>	
Expected share price return	22.1%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>22.1%</b>
Market Cap	A\$839M
	US\$874M

### Price Performance (RIC: SBM.AX, BB: SBM AU)



## St Barbara Limited (SBM.AX)

### The Pacific Solution

- **Upgrade to Buy** — SBM has done well in delivering relatively steady production from its high cost underground operations at Gwalia in Western Australia. The recent ~A\$550m acquisition of Allied gold's 2 struggling mines in PNG and the Soloman Islands presents an opportunity to further build on lessons learnt at existing operations. However early operating difficulties at Gold Ridge demonstrate that this transition may not be smooth sailing. We lift our target price to A\$2.10, and upgrade our rating to Buy from Neutral/High Risk.
- **Challenges in the Pacific** — We recently attended a site visit at the Pacific operations. Simberi is performing close to target, but we see a number of challenges to meeting guidance for Gold Ridge. FY13 guidance (Allied) at Gold Ridge is 95-105koz (1QFY13 run rate 56kozpa), but the project is facing challenges on mining rates, throughput, grade and recovery that are all below schedule. SBM took control on 6-Sept and is looking to address performance issues, but significant improvements are not expected until Mar-13+.
- **FY13 Outlook: 435koz** — FY13 production guidance at Leonora remains at 230-250koz of gold at a cash cost of A\$710-745/oz, broadly in line with our existing forecasts. Southern Cross is expected to cease and wind down to care and maintenance during the December quarter. Allied provided FY13 production guidance for the Pacific assets in the scheme documents of 70-80koz for Simberi and 95-105koz at Gold Ridge. SBM expect to update this guidance by 31-Jan-13.
- **Cash & Debt** — Cash on hand at the end of the September quarter was A\$76m with debt of A\$121m and a \$76m gold loan inherited from Allied. We anticipate SBM will produce strong free cash flow generation of ~A\$150-200mpa over 2014 to 2016 on our base case estimates, and hence see the company as well capitalized to fund growth objectives.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. As such we revise our target price to \$2.10 (\$1.90 prior) which is based on a blend of 1.3x NPV (mid-cap gold benchmark), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted reflect a discount to global peer averages given the high cost, challenging WA mines and operational uncertainty at the Pacific assets. Earnings and NPV change reflects adjusted share count relating to the ALD acquisition. We remove the High Risk rating due to the diversification in the production base after the Allied acquisition.

SBM.AU revisions (Y/E Jun)	2011A	2012A	2013E	2014E	2015E
Sales (A\$m)	359.6	541.2	652.3	793.4	768.5
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (A\$m)	48.8	117.5	124.8	235.4	190.0
% revision	0.0%	0.0%	-0.4%	0.0%	0.0%
Core Net Profit (A\$m)	50.7	141.3	93.4	163.8	139.5
% revision	0.0%	0.0%	-1.9%	-1.7%	-2.1%
Core EPS (A¢)	15.5	43.0	19.1	33.4	28.5
% revision	0.0%	0.0%	16.5%	16.8%	16.3%
EPS Growth (%)	213.4	177.7	-55.6	75.4	-14.9
PE Ratio (x)	11.1	4.0	9.0	5.1	6.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, Citi Research.

SBM.AX: Fiscal year end 30-Jun						Price:\$1.72; TP:\$2.10; # Shares: 488m; Market Cap: A\$839m; Recomm: Buy					
Profit & Loss (A\$m)	2012	2013E	2014E	2015E	2016E	Comdty & FX Forecasts	2012	2013E	2014E	2015E	2016E
Sales revenue	541	652	793	769	719	Gold price (US\$/oz)	1,674.0	1,740.9	1,711.3	1,577.5	1,445.0
Cost of sales	-388	-495	-531	-551	-569	AUDUSD (analyst) (x)	1.03	1.00	0.96	0.95	0.93
<b>EBITDA</b>	<b>215</b>	<b>238</b>	<b>358</b>	<b>321</b>	<b>257</b>	<b>Long Term Forecasts</b>					
Depreciation/Amortization	-97	-113	-123	-131	-136	Gold Price (US\$/oz)					1,050.0
<b>EBIT</b>	<b>118</b>	<b>125</b>	<b>235</b>	<b>190</b>	<b>121</b>	AUDUSD average					0.91
Net interest	3	1	-1	9	19						
<b>Earnings before tax</b>	<b>121</b>	<b>126</b>	<b>234</b>	<b>199</b>	<b>140</b>	<b>Production Volumes</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Tax Recurring	21	-32	-70	-60	-42	Gwalia (koz)	184.7	172.9	196.3	196.3	196.3
Exceptional/Other	-11	0	0	0	0	Southern Cross (koz)	97.7	19.2	0.0	0.0	0.0
<b>Reported net profit</b>	<b>130</b>	<b>93</b>	<b>164</b>	<b>139</b>	<b>98</b>	Simberi (koz)	57.9	76.1	105.2	105.2	105.2
Core NPAT	141	93	164	139	98	Gold Ridge (koz)	74.9	70.1	90.4	102.5	102.5
<b>Balance Sheet (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Production Costs</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Cash & cash equiv.	185	162	349	529	670	Gold C1 (US\$/oz)	920.6	930.6	802.6	792.8	795.3
Net fixed & other tangibles	437	453	417	430	510						
<b>Total assets</b>	<b>682</b>	<b>674</b>	<b>825</b>	<b>1,018</b>	<b>1,240</b>	<b>Earnings Sensitivity</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Short-term debt	3	3	3	3	3	EPS%Δ/10% AUDUSD (%)	0.0	-24.6	-17.2	-23.4	na
Long-term debt	1	121	121	121	121	EPS%Δ/10% Gold (%)	0.0	45.4	30.5	40.5	na
<b>Total liabilities</b>	<b>118</b>	<b>238</b>	<b>238</b>	<b>238</b>	<b>238</b>						
Shareholders' equity	564	436	587	780	1,001						
<b>Total equity</b>	<b>564</b>	<b>436</b>	<b>587</b>	<b>780</b>	<b>1,001</b>						
<b>Net debt</b>	<b>-181</b>	<b>-37</b>	<b>-225</b>	<b>-405</b>	<b>-545</b>						
<b>Cashflow (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
<b>Operating cashflow</b>	<b>222</b>	<b>194</b>	<b>274</b>	<b>258</b>	<b>221</b>						
Capex	-100	-129	-87	-78	-80						
Net acq/disposals	-5	-209	0	0	0						
Exploration exp/Other	0	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>117</b>	<b>-144</b>	<b>188</b>	<b>180</b>	<b>141</b>						
<b>Net change in cash</b>	<b>106</b>	<b>-24</b>	<b>188</b>	<b>180</b>	<b>141</b>						
<b>Per share data</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
Reported EPS (¢)	39.6	19.1	33.4	28.5	20.1	<b>Reserves &amp; Resources</b>	<b>Reserves</b>	<b>Resource</b>			
Core EPS (¢)	43.0	19.1	33.4	28.5	20.1		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	0	0	0	0	0	Gold (koz)	5,687.4	2.37	16,594.1	1.77	
CFPS (¢)	67.4	39.7	55.9	52.7	45.2						
BVPS (¢)	173.3	89.3	120.3	159.8	205.2						
Wtd avg ord shares (m)	325	488	488	488	488						
Wtd avg diluted shares (m)	329	490	490	490	490						
<b>Valuation ratios</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Valuation</b>					
PE (x)	4.0	9.0	5.1	6.0	8.6	WACC (%)					11.0
EV/EBIT (x)	6.4	6.1	3.1	2.9	3.3						
EV/EBITDA (x)	3.5	3.2	2.1	1.7	1.5	<b>NPV Valuation</b>				<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	21.5	7.8	22.3	21.3	16.7	Leonora				438.1	0.99
Dividend yield (%)	0	0	0	0	0	Southern Cross				-0.9	0.00
Payout ratio (%)	0	0	0	0	0	King of the Hills				53.9	0.12
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Simberi				231.4	0.52
EBITDA margin (%)	39.7	36.5	45.1	41.8	35.8	Gold Ridge				48.9	0.11
Operating ROE (%)	28.3	18.7	32.0	20.4	11.0	Exploration				45.4	0.10
Operating ROIC (%)	33.0	21.3	38.9	31.5	17.2	Corporate				-117.5	-0.26
Net debt to equity (%)	-32.1	-8.6	-38.3	-51.9	-54.5	Net Cash (Debt)				-39.1	-0.09
Debt to total capital (%)	0.7	22.2	17.5	13.7	11.0	<b>Total</b>				<b>660.2</b>	<b>1.49</b>

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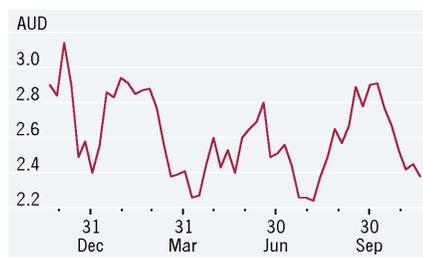


## Company Focus

- Company Update
- Target Price Change
- Estimate Change

<b>Buy</b>	<b>1</b>
Price (20 Nov 12)	A\$2.42
Target price	A\$3.00
from A\$3.50	
Expected share price return	24.0%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>24.0%</b>
Market Cap	A\$1,108M
	US\$1,154M

### Price Performance (RIC: PRU.AX, BB: PRU AU)



## Perseus (PRU.AX) Continuing to Deliver

- **Keep the Buy** — PRU retains a quality set of assets and has a good track record of delivery. While Sissingue remains under the cloud of the government fiscal review in Cote d'Ivoire, we expect that ultimately a sensible outcome will be reached and the project will proceed. PRU is rated Buy with a \$3.00/share target price.
- **FY13 Guidance** — Production guidance of 245-265koz at US\$600/oz is predicated on annualized mill throughput of 8mt. A quarterly split of this guidance was given at the June quarterly report: 55-60koz @ US\$700/oz (Sept), 65-70koz @ US\$630/oz (Dec), and 125-130koz @ US\$670/oz for the March and June quarters 2013. First production from Sissingue is scheduled for the end of CY13 / early CY14.
- **Growth Plans** — The Sissingue DFS published in Nov-10 estimated start-up capex of US\$145m, including US\$30m for a power line. The project is expected to commence construction during 2H12 with scheduled first production by the end of CY13 / early CY14. The project is expected to produce 340kozpa over the first 2 years of a 6-year mine life. DFS assumptions are under review to account for industry cost inflation and higher commodity prices
- **Cash & Debt** — A\$105m cash and A\$60m of debt at the end of FY12. Hedging facilities (a condition of debt facilities) remain in place at year end for 190koz of gold at an average price of US\$1,256/oz. This represents ~25% of production over the period of settlement from Sep-12 to Dec-14. C\$93m was raised in Nov-11 to provide for Sissingue capex in conjunction with cash flows generated from existing operations. We see PRU as well funded to provide for its growth projects.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. As such we revise our target price to \$3.00 (\$3.50 prior) which is based on a blend of 1.3x NPV (mid-cap gold benchmark), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted are at a discount to global peer averages to account for country risk. Earnings and NPV change reflects updated commodity prices and fx.

PRU.AU revisions (Y/E Jun)	2011A	2012A	2013E	2014E	2015E
Sales (A\$m)	0.1	155.3	384.9	672.2	876.9
% revision	0.0%	0.0%	-2.1%	5.0%	4.7%
EBIT (A\$m)	-14.4	50.7	156.9	335.6	423.6
% revision	0.0%	0.0%	-17.8%	-0.6%	7.6%
Core Net Profit (A\$m)	-5.5	36.0	104.1	220.4	285.9
% revision	0.0%	0.0%	-17.6%	-0.9%	7.3%
Core EPS (A¢)	-1.3	8.0	23.2	49.2	63.8
% revision	0.0%	0.0%	-17.6%	-0.9%	7.3%
EPS Growth (%)	56.1	721.4	189.4	111.8	29.7
PE Ratio (x)	-187.5	30.2	10.4	4.9	3.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, Citi Research.

PRU.AX: Fiscal year end 30-Jun						Price:\$2.42; TP:\$3.00; # Shares: 458m; Market Cap: A\$1108m; Recomm: Buy					
Profit & Loss (A\$m)	2012	2013E	2014E	2015E	2016E	Comdty & FX Forecasts	2012	2013E	2014E	2015E	2016E
Sales revenue	155	385	672	877	835	Gold price (US\$/oz)	1,674.0	1,740.9	1,711.3	1,577.5	1,445.0
Cost of sales	-88	-205	-304	-404	-423	AUDUSD (analyst) (x)	1.03	1.00	0.96	0.95	0.93
<b>EBITDA</b>	<b>61</b>	<b>173</b>	<b>363</b>	<b>456</b>	<b>396</b>	<b>Long Term Forecasts</b>					
Depreciation/Amortization	-10	-16	-28	-32	-32	Gold Price (US\$/oz)					1,050.0
<b>EBIT</b>	<b>51</b>	<b>157</b>	<b>336</b>	<b>424</b>	<b>363</b>	AUDUSD average					0.91
Net interest	-1	3	3	16	31						
<b>Earnings before tax</b>	<b>50</b>	<b>160</b>	<b>339</b>	<b>440</b>	<b>394</b>	<b>Production Volumes</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Tax Recurring	-8	-56	-119	-154	-138	EGM (koz)	122.6	226.3	284.0	335.6	344.2
Exceptional/Other	8	0	0	0	0	Tengrela (koz)	0.0	0.0	84.8	152.7	152.7
<b>Reported net profit</b>	<b>50</b>	<b>104</b>	<b>220</b>	<b>286</b>	<b>256</b>	<b>Production Costs</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Core NPAT	36	104	220	286	256	Gold C1 (US\$/oz)	725.4	642.9	630.4	615.6	620.8
<b>Balance Sheet (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Earnings Sensitivity</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Cash & cash equiv.	105	97	274	545	758	EPS%Δ/10% AUDUSD (%)	0.0	-10.2	-10.1	-10.0	-10.1
Net fixed & other tangibles	346	452	489	472	453	EPS%Δ/10% Gold (%)	0.0	13.0	15.2	18.3	20.1
<b>Total assets</b>	<b>529</b>	<b>627</b>	<b>840</b>	<b>1,094</b>	<b>1,288</b>						
Short-term debt	35	35	35	35	35						
Long-term debt	26	26	26	26	26						
<b>Total liabilities</b>	<b>169</b>	<b>169</b>	<b>169</b>	<b>169</b>	<b>169</b>						
Shareholders' equity	360	458	672	925	1,120						
<b>Total equity</b>	<b>360</b>	<b>458</b>	<b>671</b>	<b>925</b>	<b>1,119</b>						
<b>Net debt</b>	<b>-45</b>	<b>-37</b>	<b>-214</b>	<b>-484</b>	<b>-698</b>						
<b>Cashflow (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
<b>Operating cashflow</b>	<b>59</b>	<b>114</b>	<b>241</b>	<b>285</b>	<b>227</b>						
Capex	-128	-122	-64	-15	-13						
Net acq/disposals	0	0	0	0	0						
Exploration exp/Other	25	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>-99</b>	<b>-8</b>	<b>177</b>	<b>271</b>	<b>214</b>						
<b>Net change in cash</b>	<b>25</b>	<b>-8</b>	<b>177</b>	<b>271</b>	<b>214</b>						
<b>Per share data</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Reserves &amp; Resources</b>	<b>Reserves</b>	<b>Resource</b>			
Reported EPS (¢)	11.1	23.2	49.2	63.8	57.2		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
Core EPS (¢)	8.0	23.2	49.2	63.8	57.2	Gold (koz)	4,034.0	1.21	9,221.0	1.07	
DPS (¢)	0	0	0	0	0						
CFPS (¢)	13.1	25.4	53.8	63.7	50.6						
BVPS (¢)	78.7	100.0	146.7	202.0	244.5						
Wtd avg ord shares (m)	446	446	446	446	446						
Wtd avg diluted shares (m)	448	448	448	448	448						
<b>Valuation ratios</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Valuation</b>					
PE (x)	30.2	10.4	4.9	3.8	4.2	WACC (%)					11.0
EV/EBIT (x)	20.9	6.7	2.9	1.8	1.4						
EV/EBITDA (x)	17.4	6.1	2.7	1.6	1.3	<b>NPV Valuation</b>				<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	-6.4	-0.8	16.3	24.9	19.7	EGM				1,084.0	2.60
Dividend yield (%)	0	0	0	0	0	Tengrela				100.9	0.24
Payout ratio (%)	0	0	0	0	0	Exploration				45.5	0.11
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Corporate				-25.0	-0.06
EBITDA margin (%)	39.2	45.0	54.1	52.0	47.4	Net debt/cash				54.5	0.13
Operating ROE (%)	12.4	25.4	39.0	35.8	25.1	<b>Total</b>				<b>1,259.7</b>	<b>3.02</b>
Operating ROIC (%)	15.1	26.2	47.5	57.8	50.3						
Net debt to equity (%)	-12.6	-8.1	-31.9	-52.4	-62.4						
Debt to total capital (%)	14.3	11.6	8.2	6.1	5.1						

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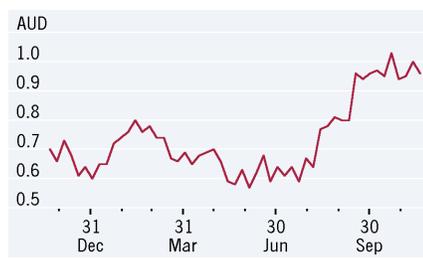


## Company Focus

- Company Update
- Target Price Change
- Estimate Change

<b>Buy</b>	<b>1</b>
Price (20 Nov 12)	A\$0.95
Target price	A\$1.70
from A\$1.00	
Expected share price return	79.9%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>79.9%</b>
Market Cap	A\$701M
	US\$730M

### Price Performance (RIC: BDR.AX, BB: BDR AU)



## Beadell Resources Ltd (BDR.AX) A Cheap Brazilian

■ **Buy Rated** — Commissioning has commenced at the 3.5mtpa Tucano CIL plant which management expect to produce ~180koz at cash costs of US\$375-425/oz (including iron ore reimbursements) in 2013. Production is scheduled to be higher in the early years with average life-of-mine production of 150koz for an initial 8-year mine life. We see potential for upside to BDR's resource and while caution is warranted through the commissioning phase we see attractive value in the name. BDR is rated Buy with a raised \$1.70/share target price.

■ **Tucano Commissioning** — Commissioning at the Tucano gold mine in Brazil is underway with first ore in the mill anticipated during Oct-12. Capex at 30 June to complete the CIL plant was \$24m, vs funds available of \$43m. Project capex estimates remain within budget, \$81m spent to 30-June. Plant commissioning always presents a typical elevated period of risk, which further warrants a cautious approach for investors over the near term.

■ **Duckhead Kicker** — An initial open-pit resource of 94kt at 31g/t was recently announced which management expect to continue to grow with further drilling. A reserve statement is due by the end of November. BDR are targeting initial mining of this orebody in the Jun-13 quarter. Inclusion of the deposit as sweetener to early mill feed will result in a significantly higher forecast gold production for 2013 & 2014.

■ **Cash & Debt** — Cash of A\$28m in late October and debt facilities drawn to US\$90m at year end. The facilities total US\$110m so US\$20m remains to be drawn. Hedging is in place for 195koz at US\$1,600/oz maturing from Oct-12 to Jan-15. Associated USDBRL hedging for US\$160m at USDBRL of 1.9547 matures over the same timeframe

■ **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. As such we revise our target price to \$1.70 (\$1.00 prior) which is based on a blend of 1.0x NPV (emerging gold benchmark), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted are at a discount to global peer averages reflecting the elevated risk surrounding the operation as it proceeds through commissioning of a single asset company. Earnings and NPV change reflects updated commodity prices and fx, as well as inclusion of Duckhead ore in the mine plan.

BDR.AU revisions (Y/E Dec)	2010A	2011A	2012E	2013E	2014E
Sales (A\$m)	7.3	0.4	31.7	370.2	424.1
% revision	0.0%	0.0%	3.3%	29.6%	22.5%
EBIT (A\$m)	-22.0	-35.8	-0.4	249.6	283.0
% revision	0.0%	0.0%	-121.4%	43.1%	33.7%
Core Net Profit (A\$m)	-20.4	-34.8	-12.1	201.2	240.5
% revision	0.0%	0.0%	-16.0%	47.0%	39.1%
Core EPS (A¢)	-3.3	-5.4	-1.7	27.2	32.5
% revision	0.0%	0.0%	-15.1%	42.8%	35.1%
EPS Growth (%)	-47.2	-66.0	68.6	1,687.9	19.5
PE Ratio (x)	-29.0	-17.5	-55.5	3.5	2.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, Citi Research.

BDR.AX: Fiscal year end 31-Dec						Price:\$0.95; TP:\$1.70; # Shares: 742m; Market Cap: A\$705m; Recomm: Buy					
Profit & Loss (A\$m)	2011	2012E	2013E	2014E	2015E	comdty & FX Forecasts	2011	2012E	2013E	2014E	2015E
Sales revenue	0.4	31.7	370.2	424.1	330.5	Gold price (US\$/oz)	1,572.1	1,680.7	1,748.8	1,655.0	1,540.0
Cost of sales	0	-16.8	-106.4	-126.6	-152.7	AUDUSD (analyst) (x)	1.03	1.03	0.97	0.95	0.94
<b>EBITDA</b>	<b>-35.8</b>	<b>4.4</b>	<b>259.1</b>	<b>292.5</b>	<b>172.7</b>	<b>Long Term Forecasts</b>					
Depreciation/Amortization	0	-4.8	-9.5	-9.5	-9.5	Gold Price (US\$/oz)					1,050.0
<b>EBIT</b>	<b>-35.8</b>	<b>-0.4</b>	<b>249.6</b>	<b>283.0</b>	<b>163.2</b>	AUDUSD average					0.91
Net interest	0.8	-11.7	-7.2	6.7	17.8						
<b>Earnings before tax</b>	<b>-35.0</b>	<b>-12.1</b>	<b>242.4</b>	<b>289.7</b>	<b>181.0</b>	<b>Production Volumes</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Tax Recurring	0.2	0.0	-41.2	-49.3	-30.8	Tucano (koz)	0.0	9.4	97.6	111.9	73.7
Exceptional/Other	-13.6	-21.3	0.0	0	0.0	<b>Production Costs</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
<b>Reported net profit</b>	<b>-48.4</b>	<b>-33.4</b>	<b>201.2</b>	<b>240.5</b>	<b>150.2</b>	Gold C1 (US\$/oz)	0.0	670.9	333.3	328.1	503.7
Core NPAT	-34.8	-12.1	201.2	240.5	150.2						
<b>Balance Sheet (A\$m)</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>Earnings Sensitivity</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Cash & cash equiv.	40.1	30.0	228.4	465.8	620.1	EPS%Δ/10% AUDUSD (%)	0.0	11.8	-10.3	-10.2	-11.1
Net fixed & other tangibles	89.4	144.6	147.3	150.4	146.3	EPS%Δ/10% Gold (%)	0.0	0.0	0.0	0.0	0.0
<b>Total assets</b>	<b>138.1</b>	<b>200.7</b>	<b>401.8</b>	<b>642.3</b>	<b>792.5</b>						
Short-term debt	13.8	41.4	41.4	41.4	41.4						
Long-term debt	41.4	56.7	56.7	56.7	56.7						
<b>Total liabilities</b>	<b>85.4</b>	<b>135.3</b>	<b>135.3</b>	<b>135.3</b>	<b>135.3</b>						
Shareholders' equity	52.7	65.3	266.5	507.0	657.2						
<b>Total equity</b>	<b>52.7</b>	<b>65.3</b>	<b>266.5</b>	<b>507.0</b>	<b>657.2</b>						
<b>Net debt</b>	<b>15.1</b>	<b>68.2</b>	<b>-130.3</b>	<b>-367.7</b>	<b>-522.0</b>						
<b>Cashflow (A\$m)</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>						
<b>Operating cashflow</b>	<b>-3.4</b>	<b>-0.8</b>	<b>210.7</b>	<b>250.0</b>	<b>159.7</b>						
Capex	-78.9	-76.8	-12.3	-12.6	-5.4						
Net acq/disposals	-0.2	4.1	0	0	0						
Exploration exp/Other	0	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>-82.5</b>	<b>-73.5</b>	<b>198.4</b>	<b>237.4</b>	<b>154.3</b>						
<b>Net change in cash</b>	<b>-1.8</b>	<b>-10.2</b>	<b>198.4</b>	<b>237.4</b>	<b>154.3</b>						
<b>Per share data</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>						
Reported EPS (¢)	-7.6	-4.7	27.2	32.5	20.3	<b>Reserves &amp; Resources</b>	<b>Reserves</b>	<b>Resource</b>			
Core EPS (¢)	-5.4	-1.7	27.2	32.5	20.3		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	0	0	0	0	0	Gold (koz)	1,803.0	1.38	5,127.0	1.41	
CFPS (¢)	-0.5	-0.1	28.5	33.8	21.6						
BVPS (¢)	8.0	8.8	36.0	68.5	88.8						
Wtd avg ord shares (m)	640	709	740	740	740						
Wtd avg diluted shares (m)	640	709	740	740	740						
<b>Valuation ratios</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>Valuation</b>					
PE (x)	-17.5	-55.5	3.5	2.9	4.7	WACC (%)					12.0
EV/EBIT (x)	-19.6	nm	2.7	1.6	1.7						
EV/EBITDA (x)	-19.6	nm	2.6	1.6	1.6	<b>NPV Valuation</b>				<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	-13.5	-11.5	28.2	33.8	21.9	Tucano Gold Project				697.8	1.03
Dividend yield (%)	0	0	0	0	0	Iron ore JV				109.8	0.16
Payout ratio (%)	0	0	0	0	0	Exploration				45.6	0.07
<b>Operating performance</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	Corporate				-54.8	-0.08
EBITDA margin (%)	nm	13.9	70.0	69.0	52.2	Net (debt)/cash				-68.6	-0.10
Operating ROE (%)	-59.9	-20.6	121.2	62.2	25.8	<b>Total</b>				<b>729.8</b>	<b>1.08</b>
Operating ROIC (%)	-59.5	-0.3	130.2	143.4	81.5						
Net debt to equity (%)	28.7	104.3	-48.9	-72.5	-79.4						
Debt to total capital (%)	51.2	60.0	26.9	16.2	13.0						

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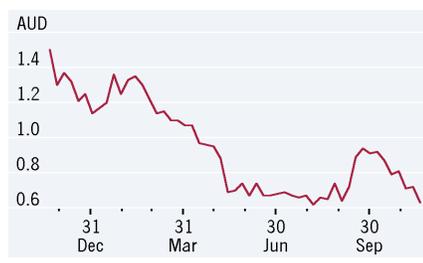


## Company Focus

- Company Update
- Target Price Change
- Estimate Change

<b>Buy/High Risk</b>	<b>1H</b>
Price (20 Nov 12)	A\$0.67
Target price	A\$1.00
from A\$1.25	
Expected share price return	49.3%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>49.3%</b>
Market Cap	A\$233M
	US\$243M

### Price Performance (RIC: GRY.AX, BB: GRY AU)



## Gryphon Minerals (GRY.AX) Burkina Feaso

- **Buy/High Risk Rated** – The Banfora DFS is due by year end at which point GRY will decide between a smaller expandable 2mtpa operation or larger 3.5mtpa plant straight up. The fundability of capital demands will be a key determinant. Given continued strong gold prices we expect the project will have little trouble attracting the necessary funding to finalise construction. GRY is rated Buy/High Risk with a \$1.00/share target price.
- **DFS Continues** — Work continues on the Banfora DFS which contemplates a 3.5mtpa/+200kozpa operation, with an additional option considering a 2mtpa “start-up” operation (lower capex) which could later be scaled up to 4mtpa. A decision between these options is to be made post DFS completion which is anticipated by the end of 2012, with potential for construction to commence in early 2013, targeting production by the end of 2014.
- **Prior Study** — The preliminary engineering study completed in Aug-11 was based on a 2.5mtpa/+180kozpa operation which estimated capex of US\$160m for an 8-year mine-life and <US\$610/oz cash cost in the early years.
- **Financing Options** — GRY has noted that discussions are continuing with Australian and global banking groups regarding various financing options to develop the Banfora project. With capex likely to be US\$200-300m and supportive gold market sentiment we do not anticipate GRY will have difficulty in raising the necessary funds to finalise construction.
- **Cash & Debt** — Cash balance post the recent A\$31m capital raising of A\$62m with no debt. The September quarterly cash flow statement forecast \$5m exploration expenditure and \$1m in administration outflows for the December quarter.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. As such we revise our target price to \$1.00 (\$1.25 prior) which is based on 1.0x NPV (emerging gold benchmark). Earnings and NPV change reflects updated commodity prices, fx and capital raising dilution.

GRY.AU revisions (Y/E Jun)	2011A	2012A	2013E	2014E	2015E
Sales (A\$m)	4.8	0.0	0.0	0.0	124.2
% revision	0.0%	0.0%	na	na	0.0%
EBIT (A\$m)	-11.5	-8.9	-25.1	-12.3	39.5
% revision	0.0%	0.0%	0.2%	0.4%	1.2%
Core Net Profit (A\$m)	-8.9	-5.9	-23.0	-14.7	19.3
% revision	0.0%	0.0%	19.2%	57.4%	33492.1%
Core EPS (A¢)	-3.2	-1.8	-5.7	-3.7	4.8
% revision	0.0%	0.0%	29.6%	62.9%	29152.4%
EPS Growth (%)	-97.8	44.3	-221.6	35.8	230.8
PE Ratio (x)	-20.9	-37.5	-11.7	-18.2	13.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, Citi Research.

GRY.AX: Fiscal year end 30-Jun						Price:\$0.67; TP:\$1.00; # Shares: 348m; Market Cap: A\$233m; Recomm: Buy/High Risk					
Profit & Loss (A\$m)						Comdty & FX Forecasts					
	2012	2013E	2014E	2015E	2016E		2012	2013E	2014E	2015E	2016E
Sales revenue	0.0	0	0	124.2	292.5	Gold price (US\$/oz)	1,674.0	1,740.9	1,711.3	1,577.5	1,445.0
Cost of sales	-0.2	0	0	-72.2	-186.2	AUDUSD (analyst) (x)	1.03	1.00	0.96	0.95	0.93
<b>EBITDA</b>	<b>-8.8</b>	<b>-25.1</b>	<b>-12.3</b>	<b>59.5</b>	<b>144.7</b>	<b>Long Term Forecasts</b>					
Depreciation/Amortization	-0.2	0	0	-20.0	-51.1	Gold Price (US\$/oz)					1,050.0
<b>EBIT</b>	<b>-8.9</b>	<b>-25.1</b>	<b>-12.3</b>	<b>39.5</b>	<b>93.6</b>	AUDUSD average					0.91
Net interest	3.0	2.1	-2.5	-15.2	-11.5						
<b>Earnings before tax</b>	<b>-5.9</b>	<b>-23.0</b>	<b>-14.7</b>	<b>24.3</b>	<b>82.0</b>	<b>Production Volumes</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Tax Recurring	0	0	0	-5.0	-16.4	Banfora Project (koz)	0.0	0.0	0.0	67.7	169.3
Exceptional/Other	-0.7	0	0	0	0	<b>Production Costs</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
<b>Reported net profit</b>	<b>-6.6</b>	<b>-23.0</b>	<b>-14.7</b>	<b>19.3</b>	<b>65.6</b>	Gold C1 (US\$/oz)	0.0	0.0	0.0	652.0	663.2
Core NPAT	-5.9	-23.0	-14.7	19.3	65.6						
<b>Balance Sheet (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Earnings Sensitivity</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Cash & cash equiv.	46.2	73.2	8.5	45.7	160.3	EPS%Δ/10% AUDUSD (%)	na	na	na	na	na
Net fixed & other tangibles	126.4	226.4	426.4	424.0	426.1	EPS%Δ/10% Gold (%)	na	na	na	na	na
<b>Total assets</b>	<b>195.1</b>	<b>322.1</b>	<b>457.4</b>	<b>492.1</b>	<b>608.9</b>						
Short-term debt	0	0	0	0	0						
Long-term debt	0	0	150.0	150.0	150.0						
<b>Total liabilities</b>	<b>12.9</b>	<b>12.9</b>	<b>162.9</b>	<b>162.9</b>	<b>162.9</b>						
Shareholders' equity	182.2	309.2	294.5	329.2	446.0						
<b>Total equity</b>	<b>182.2</b>	<b>309.2</b>	<b>294.5</b>	<b>329.2</b>	<b>446.0</b>						
<b>Net debt</b>	<b>-46.2</b>	<b>-73.2</b>	<b>141.5</b>	<b>104.3</b>	<b>-10.3</b>						
<b>Cashflow (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
<b>Operating cashflow</b>	<b>-3.1</b>	<b>-23.0</b>	<b>-14.7</b>	<b>39.3</b>	<b>116.8</b>						
Capex	-45.3	-100.0	-200.0	-2.1	-2.2						
Net acq/disposals	-15.1	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>-63.5</b>	<b>-123.0</b>	<b>-214.7</b>	<b>37.2</b>	<b>114.6</b>						
<b>Net change in cash</b>	<b>-4.2</b>	<b>27.0</b>	<b>-64.7</b>	<b>37.2</b>	<b>114.6</b>						
<b>Per share data</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Reserves &amp; Resources</b>	<b>Reserves</b>	<b>Resource</b>			
Reported EPS (¢)	-2.0	-5.7	-3.7	4.8	16.4		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
Core EPS (¢)	-1.8	-5.7	-3.7	4.8	16.4	Gold (koz)	0.0	0.00	3,620.0	1.97	
DPS (¢)	0	0	0	0	0						
CFPS (¢)	-0.9	-5.7	-3.7	9.8	29.2						
BVPS (¢)	52.3	77.3	73.6	82.3	111.5						
Wtd avg ord shares (m)	329	400	400	400	400						
Wtd avg diluted shares (m)	329	400	400	400	400						
<b>Valuation ratios</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Valuation</b>					
PE (x)	-37.5	-11.7	-18.2	13.9	4.1	WACC (%)					11.5
EV/EBIT (x)	-19.2	-6.1	-20.1	8.5	2.8						
EV/EBITDA (x)	-19.6	-6.1	-20.1	5.6	1.8	<b>NPV Valuation</b>				<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	-22.0	-45.9	-80.1	13.9	42.8	Banfora				171.4	0.54
Dividend yield (%)	0	0	0	0	0	Mauritiana				79.2	0.25
Payout ratio (%)	0	0	0	0	0	Exploration				39.6	0.13
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Corporate				-37.3	-0.12
EBITDA margin (%)	nm	na	na	47.9	49.5	Net (debt)/cash				49.1	0.16
Operating ROE (%)	-3.8	-9.3	-4.9	6.2	16.9	<b>Total</b>				<b>302.1</b>	<b>1.04</b>
Operating ROIC (%)	-9.5	-15.2	-3.9	8.3	18.6						
Net debt to equity (%)	-25.4	-23.7	48.0	31.7	-2.3						
Debt to total capital (%)	0.0	0.0	33.7	31.3	25.2						

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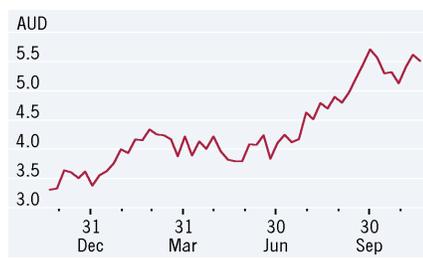


## Company Focus

- Company Update
- Target Price Change

<b>Neutral</b>	<b>2</b>
Price (20 Nov 12)	A\$5.65
Target price	A\$5.80
from A\$5.00	
Expected share price return	2.7%
Expected dividend yield	4.2%
<b>Expected total return</b>	<b>6.9%</b>
Market Cap	A\$2,573M
	US\$2,680M

### Price Performance (RIC: RRL.AX, BB: RRL AU)



## Regis Resources (RRL.AX) The Quality / Price Tradeoff

- **Rated Neutral** — RRL continues to deliver with good production in September from Moolart Well and successful commissioning/ongoing ramp-up of the 2<sup>nd</sup> much larger Garden Well operation. We continue to like the operational simplicity, management track record of delivery, low sovereign risk and organic growth story; however the stock looks fully priced at current levels. RRL is rated Neutral with a raised \$5.80 target price.
- **FY13 Outlook** — No change to full-year guidance. Moolart well is expected to produce 95-105koz of gold in FY13 at a cash cost of A\$540-590/oz (Citi 102koz at A\$544/oz) whilst the recently commissioned Garden Well mine is expected to produce 220-240koz at A\$400-450/oz (Citi 212koz at A\$436/oz). Commencement of development of the ~80kozpa Rosemont gold deposit has been pushed back into the March quarter (December quarter prior). First production scheduled for the September quarter 2013.
- **Cash & Debt** — \$20m of cash and bullion at quarter end, along with \$30m project debt (\$60m facility) and a further standby facility for \$20m which is undrawn. We anticipate strong free cash flow generation of ~A\$200m in 2013. Given the strong financial position we think RRL could look to deliver a payout ratio c.50% with a DPS range of 20-30cps.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. As such we revise our target price to \$5.80 (\$5.00 prior) which is based on a blend of 1.6x NPV (global gold benchmark), PE of 12x and EV/EBITDA of 7x based on 2013 estimates. Benchmark earnings multiples adopted are in line with global peer averages and higher than mid-cap peers to reflect a premium for the simple operations and managements track record of delivery. Earnings and NPV change reflects updated commodity prices and fx.

RRL.AU revisions (Y/E Jun)	2011A	2012A	2013E	2014E	2015E
Sales (A\$m)	108.4	172.0	533.3	720.2	721.6
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (A\$m)	38.7	77.0	309.1	401.4	382.9
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (A\$m)	36.3	68.2	215.3	287.1	282.4
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (A¢)	8.2	15.2	46.6	62.2	61.1
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	247.5	84.4	207.1	33.3	-1.6
PE Ratio (x)	68.6	37.2	12.1	9.1	9.2
Dividend Yield (%)	0.0	0.0	4.2	5.6	5.5

Source: Company Reports and dataCentral, Citi Research.

RRL.AX: Fiscal year end 30-Jun						Price:\$5.65; TP:\$5.80; # Shares: 455m; Market Cap: A\$2573m; Recomm: Neutral					
Profit & Loss (A\$m)						Comdty & FX Forecasts					
	2012	2013E	2014E	2015E	2016E		2012	2013E	2014E	2015E	2016E
Sales revenue	172	533	720	722	675	Gold price (US\$/oz)	1,674.0	1,740.9	1,711.3	1,577.5	1,445.0
Cost of sales	-86	-210	-304	-324	-325	AUDUSD (analyst) (x)	1.03	1.00	0.96	0.95	0.93
<b>EBITDA</b>	<b>101</b>	<b>346</b>	<b>451</b>	<b>437</b>	<b>390</b>	<b>Long Term Forecasts</b>					
Depreciation/Amortization	-24	-37	-50	-54	-55	Gold Price (US\$/oz)					1,050.0
<b>EBIT</b>	<b>77</b>	<b>309</b>	<b>401</b>	<b>383</b>	<b>335</b>	AUDUSD average					0.91
Net interest	-2	-2	9	21	31						
<b>Earnings before tax</b>	<b>75</b>	<b>308</b>	<b>410</b>	<b>403</b>	<b>366</b>	<b>Production Volumes</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Tax Recurring	-7	-92	-123	-121	-110	Moolart Well (koz)	105.4	101.7	99.0	99.0	99.0
Exceptional/Other	0	0	0	0	0	Garden Well (koz)	0.0	212.4	226.3	251.4	251.4
<b>Reported net profit</b>	<b>68</b>	<b>215</b>	<b>287</b>	<b>282</b>	<b>256</b>	Rosemont (koz)	0.0	5.6	76.8	81.9	81.9
Core NPAT	68	215	287	282	256	<b>Production Costs</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
<b>Balance Sheet (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Gold C1 (US\$/oz)	603.1	548.8	604.9	590.0	577.7
Cash & cash equiv.	1	173	363	512	677	C1 Cash Cost - Moolart Well (A\$/oz)	620.4	659.6	667.7	676.9	687.7
Net fixed & other tangibles	302	306	269	249	257	C1 Cash Cost - Garden Well (A\$/oz)	516.2	580.1	560.7	553.6	641.4
<b>Total assets</b>	<b>318</b>	<b>495</b>	<b>647</b>	<b>777</b>	<b>949</b>						
Short-term debt	5	0	0	0	0	<b>Earnings Sensitivity</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Long-term debt	25	30	30	0	0	EPS%Δ/10% AUDUSD (%)	0.0	-12.7	-15.6	-16.2	-17.1
<b>Total liabilities</b>	<b>81</b>	<b>81</b>	<b>81</b>	<b>50</b>	<b>50</b>	EPS%Δ/10% Gold (%)	0.0	14.0	17.1	17.8	18.8
Shareholders' equity	238	414	567	726	899						
<b>Total equity</b>	<b>238</b>	<b>414</b>	<b>567</b>	<b>726</b>	<b>899</b>						
<b>Net debt</b>	<b>29</b>	<b>-143</b>	<b>-333</b>	<b>-512</b>	<b>-677</b>						
<b>Cashflow (A\$m)</b>											
<b>Operating cashflow</b>	<b>109</b>	<b>252</b>	<b>337</b>	<b>336</b>	<b>311</b>						
Capex	-137	-42	-12	-7	-8						
Net acq/disposals	0	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
<b>FCF ex acqns &amp; explor exp</b>	<b>-28</b>	<b>211</b>	<b>325</b>	<b>329</b>	<b>303</b>						
<b>Net change in cash</b>	<b>-13</b>	<b>171</b>	<b>190</b>	<b>149</b>	<b>165</b>						
<b>Per share data</b>											
Reported EPS (¢)	15.2	46.6	62.2	61.1	55.5	<b>Reserves &amp; Resources</b>	<b>Reserves</b>		<b>Resource</b>		
Core EPS (¢)	15.2	46.6	62.2	61.1	55.5		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	0	23.7	31.5	31.0	28.2	Gold (koz)	2,870.0	1.53	8,994.9	1.11	
CFPS (¢)	24.3	54.6	73.0	72.8	67.4						
BVPS (¢)	52.5	90.9	124.5	159.5	197.5						
Wtd avg ord shares (m)	440	455	455	455	455						
Wtd avg diluted shares (m)	449	462	462	462	462						
<b>Valuation ratios</b>											
PE (x)	37.2	12.1	9.1	9.2	10.2	<b>Valuation</b>					9.5
EV/EBIT (x)	33.8	8.2	5.9	5.7	6.0	WACC (%)					
EV/EBITDA (x)	25.7	7.3	5.2	5.0	5.1	<b>NPV Valuation</b>				<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	-1.1	8.1	12.4	12.6	11.6	Moolart Well				292.6	0.71
Dividend yield (%)	0	4.2	5.6	5.5	5.0	Garden Well				1,085.5	2.62
Payout ratio (%)	0	51	51	51	51	Rosemont				148.8	0.36
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Exploration				45.5	0.11
EBITDA margin (%)	58.9	64.9	62.7	60.5	57.7	Corporate				-34.6	-0.08
Operating ROE (%)	36.1	66.1	58.6	43.7	31.6	Net (debt)/cash				24.6	0.06
Operating ROIC (%)	32.1	74.6	101.5	106.6	93.9	<b>Total</b>				<b>1,562.4</b>	<b>3.89</b>
Net debt to equity (%)	12.1	-34.4	-58.7	-70.5	-75.3						
Debt to total capital (%)	11.2	6.8	5.0	0.0	0.0						

For further data queries on Citi's full coverage universe please contact Citi Research Data Services at CitiRsch.DataServices.Global@citi.com

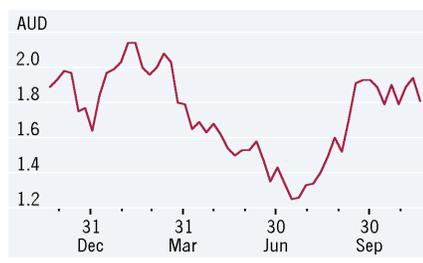


## Company Focus

- Company Update
- Target Price Change
- Estimate Change

<b>Neutral/High Risk</b>	<b>2H</b>
Price (20 Nov 12)	A\$1.84
Target price	A\$2.10
from A\$1.60	
Expected share price return	14.4%
Expected dividend yield	5.4%
<b>Expected total return</b>	<b>19.9%</b>
Market Cap	A\$1,160M
	US\$1,208M

### Price Performance (RIC: RSG.AX, BB: RSG AU)



## Resolute (RSG.AX) Mali Malaise

- **Keep the Neutral** — We like RSG's operations but look for more certainty around the political situation in Mali. Whilst RSG is not stretched on valuation grounds, we believe that the political situation in Mali poses considerable ongoing operational risks. We don't see enough upside potential in RSG (especially relative to other gold names) to offset the political risks. RSG is rated Neutral/High Risk with a raised \$2.10 target price.
- **FY13 Outlook** — Gold production guidance for FY13 is 415koz at cash costs of A\$830/oz. This compares to FY12 production of 398koz at \$761/oz. Higher production predicated on higher plant throughput and grades at Syama. Golden Pride is expected to shut down by the end of FY13.
- **Mali Political Situation** — Syama is yet to experience any significant disruptions following the military overthrow of the Mali government in March. A transitional government is in place and elections for a new president and parliament are to be organized. We are encouraged by the avoidance of any material impact to operations thus far, but remain cautious given the ongoing uncertainty.
- **Cash & Debt** — A\$90m in cash and minimal debt (A\$11m). Expansion plans at Syama (sulphide open-pit expansion + 1mt oxide circuit) have a capex estimate of US\$241m which are expected to be fully funded from existing cash and future cash flows. We forecast operating cash flow of A\$270m in FY13 and see RSG as well funded to provide for its growth plans.
- **Earnings Changes & Target Price** — We have revised our target price methodology in order to adopt a consistent approach across wider Metals & Mining equity coverage. As such we revise our target price to \$2.10 (\$1.60 prior) which is based on a blend of 1.0x NPV (discount to mid-cap gold benchmark to reflect the uncertain political climate), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted are at a discount to global peer averages to further reflect country risk. Earnings and NPV change reflects updated commodity prices and fx.

RSG.AU revisions (Y/E Jun)	2011A	2012A	2013E	2014E	2015E
Sales (A\$m)	446.4	577.1	725.2	675.6	709.0
% revision	0.0%	0.0%	7.7%	1.2%	-0.5%
EBIT (A\$m)	47.9	178.3	260.3	146.6	203.4
% revision	0.0%	0.0%	24.4%	-29.4%	-0.9%
Core Net Profit (A\$m)	30.5	148.5	186.7	104.1	128.1
% revision	0.0%	0.0%	24.0%	-30.8%	-1.3%
Core EPS (A¢)	4.9	22.8	29.2	16.3	20.0
% revision	0.0%	0.0%	23.4%	-31.2%	-1.9%
EPS Growth (%)	-37.8	363.5	27.9	-44.2	23.0
PE Ratio (x)	37.4	8.1	6.3	11.3	9.2
Dividend Yield (%)	0.0	2.7	5.4	5.4	5.4

Source: Company Reports and dataCentral, Citi Research.

RSG.AX: Fiscal year end 30-Jun						Price:\$1.84; TP:\$2.10; # Shares: 632m; Market Cap: A\$1163m; Recomm: Neutral/High Risk		
Profit & Loss (A\$m)	2012	2013E	2014E	2015E	2016E			
Sales revenue	577	725	676	709	715			
Cost of sales	-370	-447	-510	-486	-519			
<b>EBITDA</b>	<b>251</b>	<b>367</b>	<b>253</b>	<b>324</b>	<b>309</b>			
Depreciation/Amortization	-73	-107	-107	-121	-133			
<b>EBIT</b>	<b>178</b>	<b>260</b>	<b>147</b>	<b>203</b>	<b>176</b>			
Net interest	-10	6	9	8	17			
<b>Earnings before tax</b>	<b>168</b>	<b>267</b>	<b>156</b>	<b>211</b>	<b>193</b>			
Tax Recurring	-23	-80	-47	-63	-58			
Exceptional/Other	-40	0	-5	-20	-19			
<b>Reported net profit</b>	<b>105</b>	<b>187</b>	<b>104</b>	<b>128</b>	<b>116</b>			
Core NPAT	148	187	104	128	116			
<b>Balance Sheet (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>			
Cash & cash equiv.	85	185	118	272	425			
Net fixed & other tangibles	414	437	545	518	550			
<b>Total assets</b>	<b>665</b>	<b>788</b>	<b>829</b>	<b>956</b>	<b>1,141</b>			
Short-term debt	8	8	8	8	8			
Long-term debt	3	3	3	3	3			
<b>Total liabilities</b>	<b>122</b>	<b>122</b>	<b>122</b>	<b>122</b>	<b>122</b>			
Shareholders' equity	576	700	741	868	1,053			
<b>Total equity</b>	<b>543</b>	<b>667</b>	<b>707</b>	<b>834</b>	<b>1,020</b>			
<b>Net debt</b>	<b>-74</b>	<b>-174</b>	<b>-107</b>	<b>-261</b>	<b>-414</b>			
<b>Cashflow (A\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>			
<b>Operating cashflow</b>	<b>179</b>	<b>293</b>	<b>211</b>	<b>249</b>	<b>249</b>			
Capex	-49	-130	-215	-32	-32			
Net acq/disposals	-44	0	0	0	0			
Exploration exp/Other	0	0	0	0	0			
<b>FCF ex acqns &amp; explor exp</b>	<b>86</b>	<b>163</b>	<b>-4</b>	<b>217</b>	<b>216</b>			
<b>Net change in cash</b>	<b>39</b>	<b>100</b>	<b>-67</b>	<b>154</b>	<b>153</b>			
<b>Per share data</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>			
Reported EPS (¢)	16.1	29.2	16.3	20.0	18.1			
Core EPS (¢)	22.8	29.2	16.3	20.0	18.1			
DPS (¢)	5.0	10.0	10.0	10.0	10.0			
CFPS (¢)	27.5	45.8	32.9	38.8	38.8			
BVPS (¢)	123.2	110.7	117.2	137.3	166.6			
Wtd avg ord shares (m)	564	632	632	632	632			
Wtd avg diluted shares (m)	651	641	641	641	641			
<b>Valuation ratios</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Valuation</b>		
PE (x)	8.1	6.3	11.3	9.2	10.2	WACC (%)	14.0	
EV/EBIT (x)	6.6	4.0	7.0	4.8	4.7			
EV/EBITDA (x)	4.7	2.9	4.1	3.0	2.7	<b>NPV Valuation</b>	<b>US\$m</b>	<b>A\$/sh.</b>
FCF yield (%)	10.8	13.9	-0.3	18.4	18.4	Syama	434.8	0.76
Dividend yield (%)	2.7	5.4	5.4	5.4	5.4	Sayama Oxide	44.5	0.08
Payout ratio (%)	22	34	62	50	55	Mt Wright	233.7	0.41
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Golden Pride	11.4	0.02
EBITDA margin (%)	43.6	50.6	37.5	45.7	43.2	Exploration	45.5	0.08
Operating ROE (%)	30.8	29.3	14.5	15.9	12.1	Corporate Costs	-61.8	-0.11
Operating ROIC (%)	31.3	34.5	17.0	22.3	18.8	<b>Total</b>	<b>67.7</b>	<b>0.12</b>
Net debt to equity (%)	-13.7	-26.2	-15.2	-31.3	-40.6		775.7	1.35
Debt to total capital (%)	2.0	1.6	1.5	1.3	1.1			

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## Newcrest Mining Ltd

### Company description

Newcrest Mining (NCM) is Australia's largest gold producer. The company is targetting 5-year production growth to 3.1-3.5moz of gold per annum from a base of 2.3moz in FY12.

### Investment strategy

We rate NCM Neutral as we remain cautious on NCM's growth profile. NCM is leveraged to a positive gold environment through its large, world class reserve base and a high-quality exploration portfolio. These qualities provide significant development opportunities and an exploration record that differentiates the company from any other gold stock in Australia.

### Valuation

Our target price of \$25.6/share is based on a blend of NPV, PE, and EV/EBITDA for NCM. The target price represents a blend of 1.6x multiple to NPV (diversified gold benchmark), PE of 12x and EV/EBITDA of 7x based on 2013 estimates. Benchmark earnings multiples adopted are in line with global peer averages.

### Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

## Medusa Mining Ltd

### Company description

Medusa Mining (MML) is an emerging gold producer with its main asset, the Co-O mine, located in the Philippines. Construction of the new 750ktpa / 200kozpa at Co-O is on schedule with first production anticipated in mid 2013. A feasibility study is on going at a 200kopa open pit project at Bananghilig.

### Investment strategy

We rate MML Buy. The upside for MML comes from the continued resource definition drilling around the Co-O operation as well as the strong exploration pipeline the company has. The high grade and low cost nature of the assets make MML a standout from a quality and margin perspective.

### Valuation

Our target price of \$7.00/share is based a blend of NPV, PE, and EV/EBITDA for MML. The target price represents a blend of 1.3x multiple to NPV (mid-cap gold

benchmark), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted are in line with global peer averages.

## Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

## OceanaGold

### Company description

OceanaGold (OGC) is one of the larger mid tier gold companies in Australia. The main assets are in New Zealand with the Didipio Gold/Copper project in the Philippines being the growth asset.

### Investment strategy

We rate OGC Buy, with a target price of A\$4.30. OGC plans to commission its 3.5Mtpa Didipio operation in Q4 CY2012. This is projected to initially add 100kozpa to the company's current 250kozpa from its New Zealand operations. OGC targets 600kozpa from CY2016. The company has no hedging in place and is therefore fully leveraged to the gold price.

### Valuation

Our target price of \$4.30/share is based a blend of NPV, PE, and EV/EBITDA for OGC. The target price represents a blend of 1.3x multiple to NPV (mid-cap gold benchmark), PE of 11x and EV/EBITDA of 6x based on 2013 estimates. Benchmark earnings multiples adopted are in line with global peer averages.

## Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

## Kingsgate Consolidated Limited

### Company description

Kingsgate Consolidated (KCN) is an Australian mid-tier gold producer with current production of c120-130koz from its Chatree asset in Thailand and 80-90koz from its Challenger asset in Australia.

### Investment strategy

KCN is Buy rated. FY 13 should see production move to a higher sustainable level a partial consequence of the recent metallurgical licence approval at Chatree Plant 2. A potential Thai IPO in conjunction with results from feasibility work on Neuva Esperanza (Chile) and Bowdens (NSW) represent potential near-term catalysts for KCN.

### Valuation

Our target price of \$5.90/share is based a blend of NPV, PE, and EV/EBITDA for KCN. The target price represents a blend of 1.3x multiple to NPV (mid-cap gold benchmark), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted are in line with global peer averages.

### Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

## St Barbara Limited

### Company description

SBM is a diversified, international, mid-tier gold producer and explorer. It owns the Southern Cross and Leonara operations in Western Australia along with the recent acquisition of Gold Ridge, and Simberi in Papua New Guinea and the Solomon Islands.

### Investment strategy

SBM is Buy rated. The company has done well in delivering steady production from its high cost underground operations in Western Australia. The recent acquisition of underperforming assets in the Pacific should allow SBM to repeat this turn around story, although early operational difficulties do highlight the challenges ahead.

### Valuation

Our target price of \$2.10/share is based a blend of NPV, PE, and EV/EBITDA for SBM. The target price represents a blend of 1.3x multiple to NPV (mid-cap gold

benchmark), PE of 10x and EV/EBITDA of 5x based on 2013 estimates. Benchmark earnings multiples adopted are in line with global peer averages.

## Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies.

## Perseus

### Company description

Perseus (PRU) has been a leader in development of West African gold assets. Its Edikan Gold Mine (EDM) is located in Ghana. When fully ramped up, the project could produce around 330-350kozpa over a c15 year life. The scale of the asset makes it unique amongst the Australian gold sector and a potential target for corporate activity.

### Investment strategy

We rate PRU Buy. The company has a strong asset base in West Africa and that asset base and exploration potential make it an interesting investment. We assume the mill ramp up to 10mtpa and the discovery/conversion of 6moz of gold in to reserves.

### Valuation

Our target price of \$3.00/share is based on a blend of 1.3x NPV, 10x PE and 5x EV/EBITDA using 2013 estimates. We derive our NPV of \$3.02 by applying a discount rate of 11% and a long term gold price of US\$1,050/oz.

## Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

## Beadell Resources Ltd

### Company description

Beadell Resources (BDR) is a gold development company with extensive portfolio of key gold exploration tenements throughout Australia and Brazil. It is currently developing the Tucano gold project, located in Brazil. Commissioning of the CIL plant is due in mid-2012 with first production scheduled for March Quarter 2013.

### Investment strategy

We rate BDR Buy. There is strong exploration potential at BDR and we like its exploration portfolio. We see development risk surrounding the Tucano construction and funding. We expect continued upside from exploration success.

### Valuation

Our target price of \$1.70/share is based on a blend of 1x NPV, 10x PE and 5x EV/EBITDA based on 2013 estimates. We derive our NPV of \$1.08 by applying a discount rate of 12% and a long-term gold price of US\$1,050/oz. A 1x multiple to NPV is consistent with BDR's peer group of emerging gold companies and reflects the development nature of the business.

### Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets and exploration potential. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be more or less negative than we anticipate, the stock could have difficulty achieving or exceed our financial and price targets.

## Gryphon Minerals

### Company description

Gryphon Minerals (GRY) is a prospective gold exploration play located in Burkina Faso. The company's major focus is the development of the Banfora gold project. Plans are for a 200kozpa operation.

### Investment strategy

We rate GRY Buy/High Risk (1H) as the stock is attractive on valuation grounds. Whilst there is considerable exploration potential in West Africa, we see some risk in GRY making the transition from promising explorer to producing assets. There is the potential for more gold to be found and converted into reserves.

### Valuation

Our target price of \$1.00 is based of our NPV for GRY. We derive our NPV of \$1.04 by applying a discount rate of 11.8% and a long-term gold price of US\$1,050/oz. Our target price represents a 1x multiple to NPV to reflect the development nature

of the business, a discount to other companies in our coverage universe as it takes into account the development risks with the project.

## Risks

We rate Gryphon as High Risk referencing a number of quantitative and fundamental screens, in particular, given the non producing nature of its assets. Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets and exploration potential. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

## Regis Resources

### Company description

Regis Resources Limited (RRL) is a gold production and exploration company with gold and nickel exploration properties in the Eastern Goldfields of Western Australia. RRL has two operating mines, Garden Well and Moolart Well, with plans to develop the Rosemount Gold Deposit.

### Investment strategy

We rate RRL Neutral. Regis is a very simple operation with open pit mining operations and crush-grind-leach metallurgical circuits which deliver the benefit of operational simplicity as well as a low cash cost. If RRL can meet its targets of 400kozpa of production with a cash cost of c\$600/oz, then the company could be a prime M&A candidate for consolidation within the Aussie gold space. However we believe much of the above positives are currently priced into the stock.

### Valuation

Our target price of \$5.80/share is based on a blend of 1.6x NPV, 12x PE and 7x EV/EBITDA using 2013 estimates. We derive our NPV by applying a discount rate of 9.5% and a long term gold price of US\$1,050/oz. A 1.6x multiple to NPV is in line with its Australian mid-cap gold peers.

### Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

## Resolute

### Company description

Resolute Mining Limited (RSG) is a gold mining and exploration company operating in Africa and Australia: Golden Pride in Tanzania, Syama in the South of Mali and Ravenswood in North-East Queensland.

### Investment strategy

We rate RSG Neutral/High Risk on valuation consideration. RSG has the potential to be one of the larger scale Australian gold producers with c400kozpa of gold production. However much of the production potential is reliant on the execution of a turnaround at the Syama gold project in Mali. We see potential value in the company but note that there is considerable operational risk in delivering the value.

### Valuation

Our target price of \$2.10/share is based on a blend of 1x NPV, 10x PE and 5x EV/EBITDA. We derive our NPV of \$1.35 by applying a discount rate of 13.5% and a long-term gold price of US\$1,050/oz.

### Risks

RSG attracts a High risk rating due to the recent political unrest in Mali where the Syama mine is located. Our valuation of the company is also exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets and exploration potential. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.



# Appendix A-1

## Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

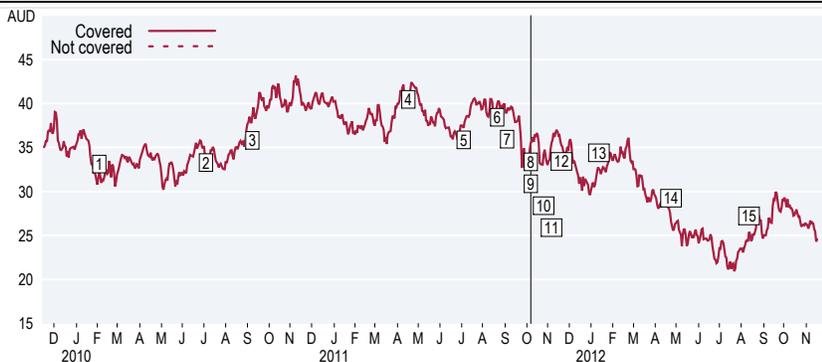
### IMPORTANT DISCLOSURES

#### Newcrest Mining Ltd (NCM.AX)

##### Ratings and Target Price History Fundamental Research

Analyst: Clarke Wilkins

Covered since August 23 2012



	Date	Rating	Target Price	Closing Price
1	3-Feb-10	1M	*37.79	32.27
2	4-Jul-10	1M	*41.76	34.05
3	8-Sep-10	*2M	41.76	38.58
4	18-Apr-11	2M	*43.75	40.89
5	5-Jul-11	*1M	43.75	37.25

	Date	Rating	Target Price	Closing Price
6	22-Aug-11	1M	*45.74	39.97
7	4-Sep-11	1M	*47.73	38.88
8	7-Oct-11	Stock rating system changed		
9	7-Oct-11	*1	47.73	35.56
10	26-Oct-11	1	*45.74	34.21

	Date	Rating	Target Price	Closing Price
11	7-Nov-11	1	*41.76	35.52
12	21-Nov-11	1	*42.00	35.25
13	12-Jan-12	1	*38.00	32.58
14	24-Apr-12	1	*32.00	26.60
15	13-Aug-12	*2	*26.00	25.40

\* Indicates change

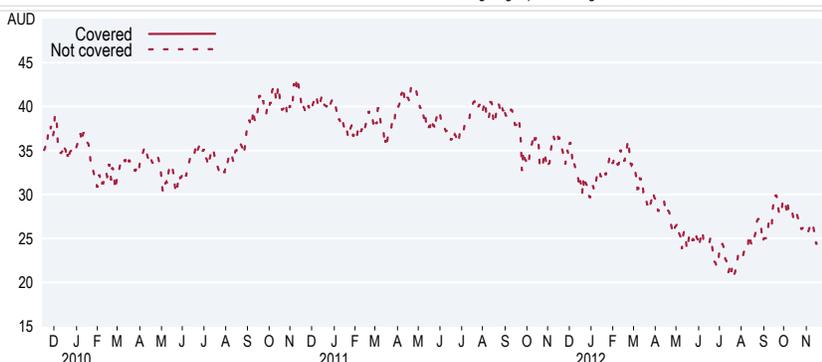
Rating/target price changes above reflect Eastern Standard Time

#### Newcrest Mining Ltd (NCM.AX)

##### Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Clarke Wilkins

Covered since August 23 2012



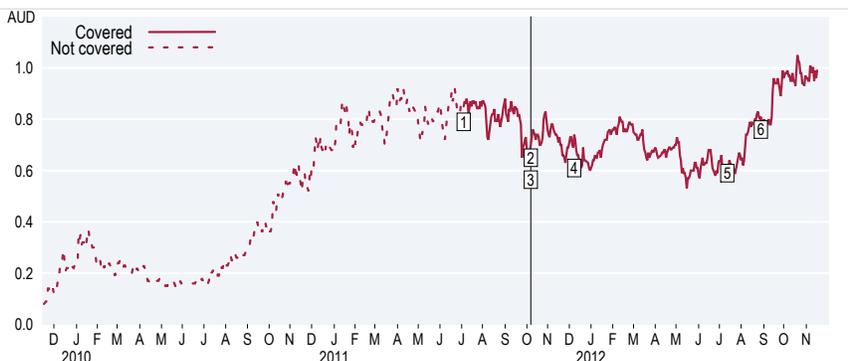
\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

### Beadell Resources Ltd (BDR.AX)

#### Ratings and Target Price History Fundamental Research

Analyst: Clarke Wilkins  
Covered since August 23 2012



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*2S	*0.95	0.85
2	7-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
3	7-Oct-11	*1H	0.95	0.70
4	8-Dec-11	*2H	*0.82	0.74

	Date	Rating	Target Price	Closing Price
5	12-Jul-12	*1H	*0.80	0.60
6	29-Aug-12	*1	*1.00	0.81

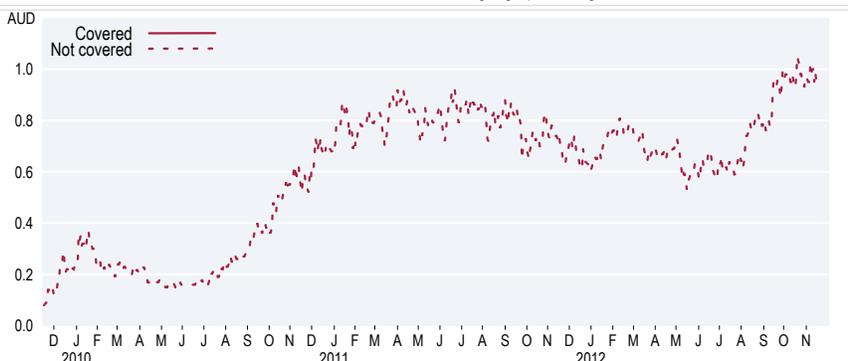
\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

### Beadell Resources Ltd (BDR.AX)

#### Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Clarke Wilkins  
Covered since August 23 2012



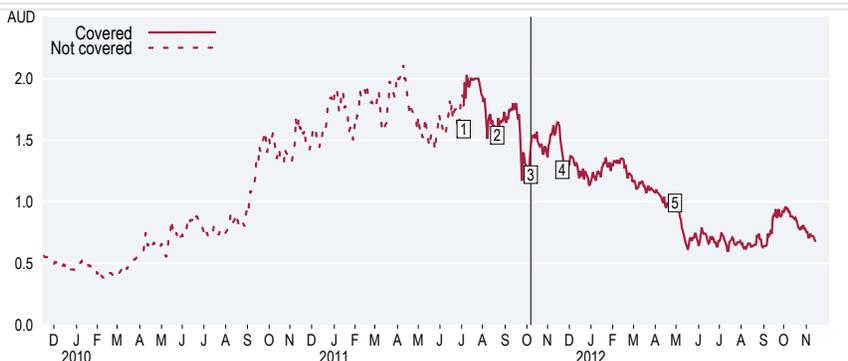
\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

### Gryphon Minerals (GRY.AX)

#### Ratings and Target Price History Fundamental Research

Analyst: Clarke Wilkins  
Covered since August 23 2012



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*2H	*1.90	1.78
2	22-Aug-11	*1H	*2.00	1.56

	Date	Rating	Target Price	Closing Price
3	7-Oct-11	Stock rating system changed		
4	22-Nov-11	1H	*1.75	1.50

	Date	Rating	Target Price	Closing Price
5	30-Apr-12	1H	*1.25	0.95

\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

### Gryphon Minerals (GRY.AX)

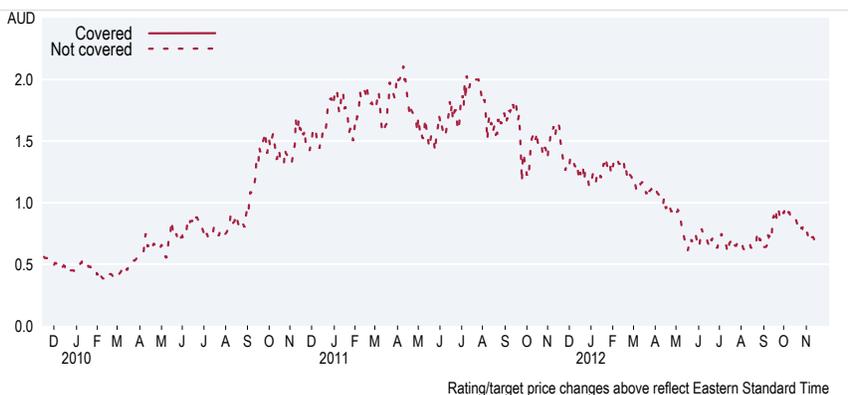
#### Ratings and Target Price History

#### Best Ideas Research

#### Relative Call (3 Month)

Analyst: Clarke Wilkins

Covered since August 23 2012



### Kingsgate Consolidated Limited (KCN.AX)

#### Ratings and Target Price History

#### Fundamental Research

Analyst: Clarke Wilkins

Covered since August 23 2012



	Date	Rating	Target Price	Closing Price
1	3-Feb-10	*2H	*10.00	8.96
2	4-Jul-10	*1H	*12.00	9.55
3	5-Jul-11	1H	*10.00	7.87
4	22-Aug-11	1H	*10.80	9.20

	Date	Rating	Target Price	Closing Price
5	7-Oct-11	Stock rating system changed		
6	7-Oct-11	*1	10.80	7.75
7	28-Oct-11	*2	*8.60	7.78
8	12-Jan-12	2	*7.00	6.39

	Date	Rating	Target Price	Closing Price
9	22-Feb-12	*3	7.00	7.75
10	26-Apr-12	*2	*6.75	6.15
11	24-Jul-12	2	*5.30	4.68

### Kingsgate Consolidated Limited (KCN.AX)

#### Ratings and Target Price History

#### Best Ideas Research

#### Relative Call (3 Month)

Analyst: Clarke Wilkins

Covered since August 23 2012



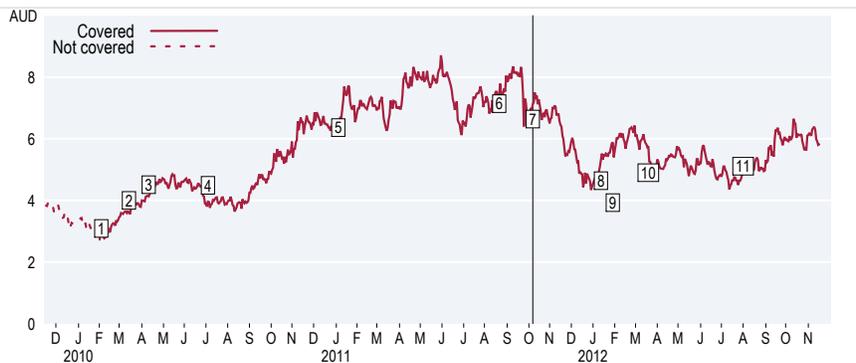
	Date	Rating	Target Price	Closing Price
1	29-Feb-12	*ADD LP	-	6.86

	Date	Rating	Target Price	Closing Price
2	20-Aug-12	*REM LP	-	4.40

### Medusa Mining Ltd (MML.AX)

#### Ratings and Target Price History Fundamental Research

Analyst: Clarke Wilkins  
Covered since August 23 2012



	Date	Rating	Target Price	Closing Price
1	3-Feb-10	*1H	*4.55	3.00
2	15-Mar-10	1H	*4.55	3.62
3	11-Apr-10	1H	*5.00	4.15
4	4-Jul-10	1H	*5.50	3.80

	Date	Rating	Target Price	Closing Price
5	5-Jan-11	1H	*9.00	6.42
6	22-Aug-11	1H	*10.00	7.46
7	7-Oct-11	Stock rating system changed		
8	12-Jan-12	1H	*8.50	5.32

	Date	Rating	Target Price	Closing Price
9	30-Jan-12	1H	*8.00	5.88
10	20-Mar-12	1H	*7.80	5.76
11	1-Aug-12	1H	*7.00	5.00

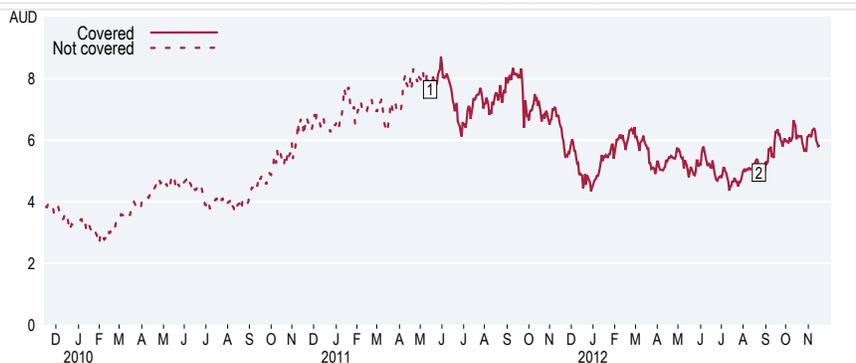
\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

### Medusa Mining Ltd (MML.AX)

#### Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Clarke Wilkins  
Covered since August 23 2012



	Date	Rating	Target Price	Closing Price
1	15-May-11	*ADD MP	-	7.80

	Date	Rating	Target Price	Closing Price
2	23-Aug-12	*REM MP	-	4.95

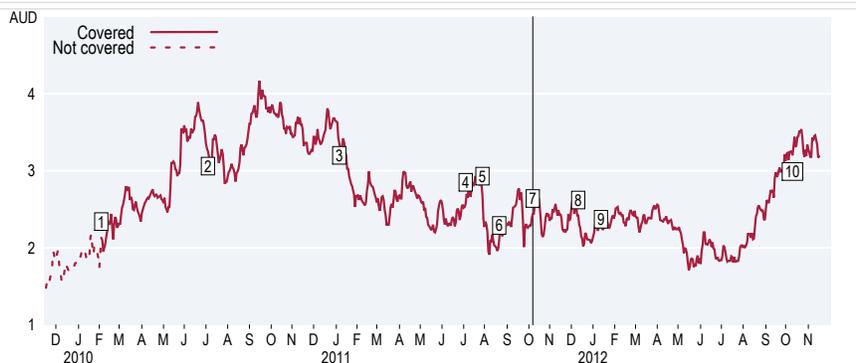
\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

### OceanaGold (OGC.AX)

#### Ratings and Target Price History Fundamental Research

Analyst: Clarke Wilkins  
Covered since August 24 2012



	Date	Rating	Target Price	Closing Price
1	3-Feb-10	*1H	*3.25	2.13
2	4-Jul-10	*2H	*4.00	3.29
3	6-Jan-11	*1H	*5.00	3.36
4	5-Jul-11	1H	*4.00	2.57

	Date	Rating	Target Price	Closing Price
5	28-Jul-11	1H	*3.70	2.68
6	22-Aug-11	1H	*3.50	2.11
7	7-Oct-11	Stock rating system changed		
8	12-Dec-11	1H	*3.30	2.42

	Date	Rating	Target Price	Closing Price
9	12-Jan-12	1H	*3.60	2.34
10	10-Oct-12	1H	*4.30	3.20

\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

**OceanaGold (OGC.AX)**  
Ratings and Target Price History  
Best Ideas Research  
Relative Call (3 Month)

Analyst: Clarke Wilkins  
Covered since August 24 2012



	Date	Rating	Target Price	Closing Price
1	15-May-11	*ADD MP	-	2.28

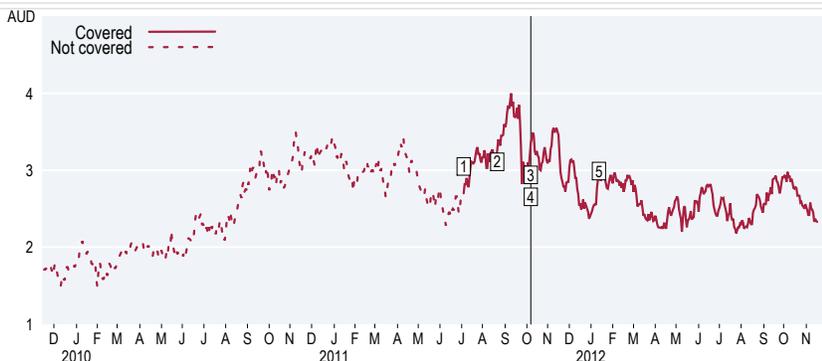
	Date	Rating	Target Price	Closing Price
2	20-Jul-11	*REM MP	-	2.88

\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

**Perseus (PRU.AX)**  
Ratings and Target Price History  
Fundamental Research

Analyst: Clarke Wilkins  
Covered since August 24 2012



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*1H	*3.70	2.70
2	22-Aug-11	1H	*3.90	3.26

	Date	Rating	Target Price	Closing Price
3	7-Oct-11	Stock rating system changed		
4	7-Oct-11	*1	3.90	3.35

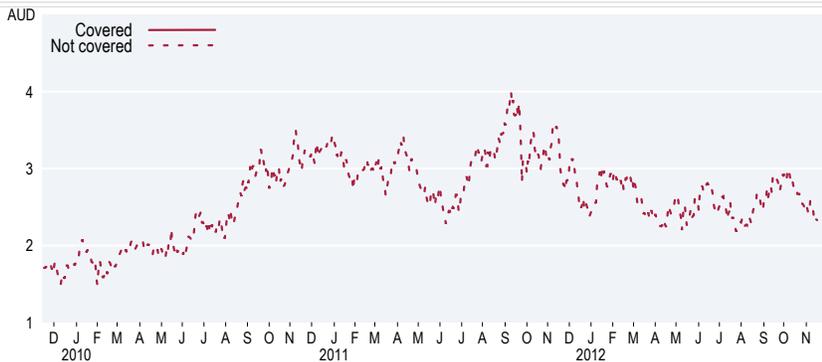
	Date	Rating	Target Price	Closing Price
5	12-Jan-12	1	*3.50	2.90

\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

**Perseus (PRU.AX)**  
Ratings and Target Price History  
Best Ideas Research  
Relative Call (3 Month)

Analyst: Clarke Wilkins  
Covered since August 24 2012

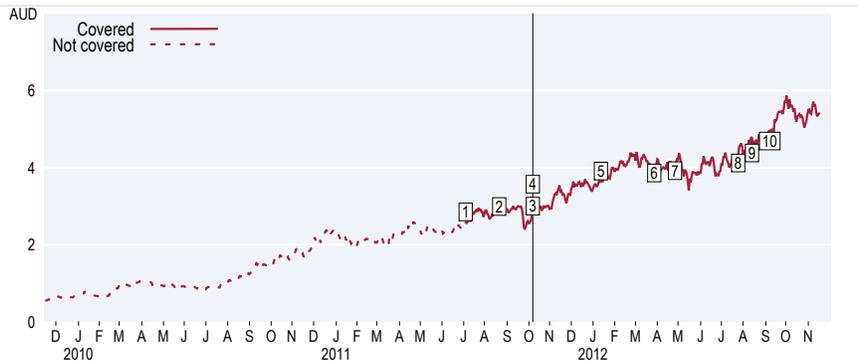


\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

**Regis Resources (RRL.AX)**  
Ratings and Target Price History  
Fundamental Research

Analyst: Clarke Wilkins  
Covered since August 24 2012



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*1H	*3.05	2.58
2	22-Aug-11	1H	*3.60	2.90
3	7-Oct-11	Stock rating system changed		
4	7-Oct-11	*1	3.60	2.90

	Date	Rating	Target Price	Closing Price
5	12-Jan-12	1	*4.25	3.64
6	28-Mar-12	1	*4.75	4.02
7	26-Apr-12	1	*5.30	4.06
8	25-Jul-12	1	*5.00	4.34

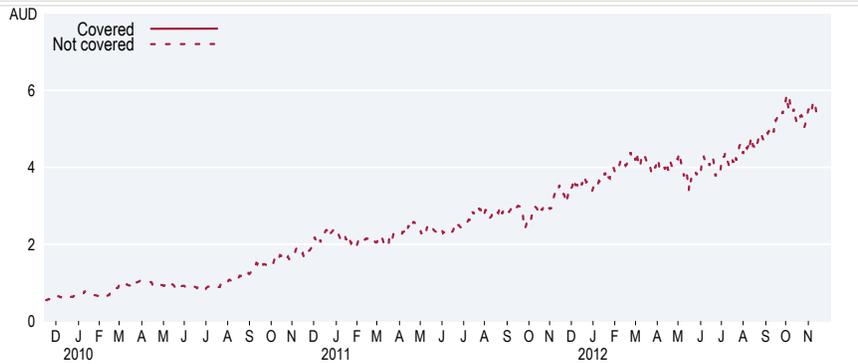
	Date	Rating	Target Price	Closing Price
9	14-Aug-12	*2	*5.25	4.77
10	7-Sep-12	2	*5.00	4.93

\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

**Regis Resources (RRL.AX)**  
Ratings and Target Price History  
Best Ideas Research  
Relative Call (3 Month)

Analyst: Clarke Wilkins  
Covered since August 24 2012

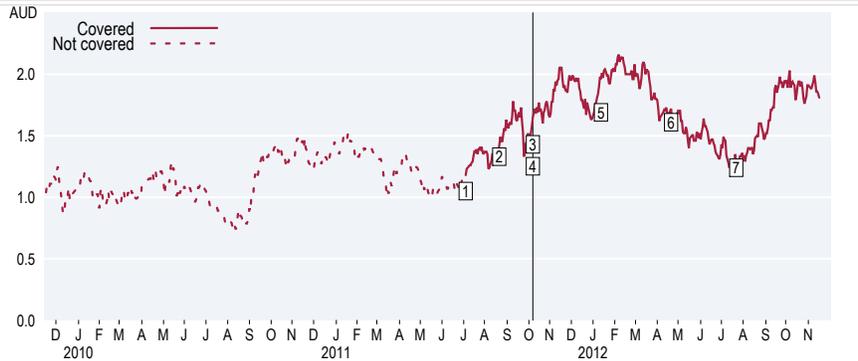


\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

**Resolute (RSG.AX)**  
Ratings and Target Price History  
Fundamental Research

Analyst: Clarke Wilkins  
Covered since August 24 2012



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*1S	*1.60	1.18
2	22-Aug-11	1S	*1.90	1.42
3	7-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
4	7-Oct-11	*1	1.90	1.65
5	12-Jan-12	*2	*2.20	1.96
6	20-Apr-12	*2H	*2.00	1.72

	Date	Rating	Target Price	Closing Price
7	22-Jul-12	2H	*1.60	1.35

\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

**Resolute (RSG.AX)**  
Ratings and Target Price History  
Best Ideas Research  
Relative Call (3 Month)

Analyst: Clarke Wilkins  
Covered since August 24 2012



**St Barbara Limited (SBM.AX)**  
Ratings and Target Price History  
Fundamental Research

Analyst: Daniel Seeney  
Covered since August 23 2012



**St Barbara Limited (SBM.AX)**  
Ratings and Target Price History  
Best Ideas Research  
Relative Call (3 Month)

Analyst: Daniel Seeney  
Covered since August 23 2012



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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of AngloGold Ashanti Ltd

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of BHP Billiton Ltd

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Gold Fields Ltd

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Goldcorp Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Newmont Mining Corp

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#### Citi Research Ratings Distribution

Data current as of 5 Oct 2012	12 Month Rating			Relative Rating		
	Buy	Hold	Sell	Buy	Hold	Sell
Citi Research Global Fundamental Coverage	51%	38%	11%	7%	85%	7%
<i>% of companies in each rating category that are investment banking clients</i>	50%	47%	45%	59%	47%	50%

#### Guide to Citi Research Fundamental Research Investment Ratings:

Citi Research stock recommendations include an investment rating and an optional risk rating to highlight high risk stocks.

**Risk rating** takes into account both price volatility and fundamental criteria. Stocks will either have no risk rating or a High risk rating assigned.

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